May 21 1986

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,935 Thursday May 22 1986 D 8523 B

Philippines: dangers confronting Mrs Aquino, Page 10

Exit polls put Dutch ruling group ahead

The Dutch centre-right government looked set to retain its parliamentary majority in a surprise victory in yesterday's general election, according to exit polls conducted by market research bureaux, writes Laura Raum in Amsterdam.

On the basis of the polls, the Christian Democrat-Liberal coalition would win 79 seats, three more than needed to maintain its ruling majority in the 150-seat parliament.

The Christian Democrats would perform notably better than in recent public opinion polls, threatening to replace the opposition Labour party as the largest party. The neck-and-neck contest appeared to have drawn a record turnout of nearly 90 per cent.

The centrist Christian Democrats would gain eight seats for a total of 53, according to the polls, while the Socialists would add five seats for a total of 52. The right-of-centre Liberals would emerge as the big losers, falling to 26 from 36.

Mr Ruud Lubbers, the Prime Minister and campaign leader for the Christian Democrats, was being credited with leading his party to the projected surprise victory.

He is considered to have won an eve-of-election debate between the three main political parties. Dutch voters apparently were convinced of the soundness of his policies over the past four years: economic austerity, deployment of nuclear missiles, and expansion of nuclear energy.

World news

Chernobyl exploded 'during test'

Moscow was conducting experiments to "check systems" at the Chernobyl nuclear power statin at the time of the accident there last month, a senior Soviet official in charge of nuclear safety said yesterday. Mr Victor Sidorenko, deputy chairman of the State Committee for Nuclear Safety, said: "The accident took place at the stage of experimental research work." Page 3

Tax evasion move

Draft convention under which European governments would help each other combat tax evasion and avoidance has provoked serious reservations in Switzerland, Luxembourg and Liechtenstein. Page 12

Kohl inquiry dropped

Prosecutors in the West German state of Rhineland Palatinate dropped their investigation into claims that Chancellor Helmut Kohl misled an inquiry into party funding. Page 2

Belgian protests

Belgian transport services were disrupted by trade union protests against government spending cuts, but strike action appeared to be losing some of its force. Page 3

French N-plant leak

Five workers at France's nuclear reprocessing plant at La Hague in Normandy were exposed to radiation during a leak on Tuesday but their health was not in danger, Cogema, the operating company, said.

US nuclear test

The US exploded its fourth nuclear device this year beneath the Nevada desert, bringing to 11 the number of such tests conducted by Washington since the Soviet Union's nuclear test moratorium

French TV strike

France's state-run television networks and radio stations were hit by a 24-hour strike in protest at plans to privatise the TF-1 television channel.

IRA 'arms plot'

Eight men, four of them Irish, were charged in Boston with trying to buy arms – including surface-to-air missiles – for the Irish Republican Army.

Indian heroin haul

Indian officials were reported to have seized 44kg of pure heroin with an estimated street value of $400m in the biggest drug haul made in New Delhi.

Airline strike call

Spain's pilots' union called five days of strikes at the state-owned domestic airline Aviaco, beginning on May 30, over pay and conditions. Iberia pilots are due to strike on May 29 and 30.

Business summary

Lorimar to buy seven TV stations

LORIMAR-TELEPICTURES, the recently formed California-based TV and film production and syndication group, agreed to pay $1.85bn for seven US television stations. The stations are owned by two companies acquired by investor groups led by Kohlberg, Kravis, Robert, the New York-based leveraged buyout specialists. Page 12

DOLLAR rose in London to DM 2.242 (DM 2.241); FFr 7.1425 (FFr 7.1375), and to Y168.7 (Y168.65). It fell to SFr 1.8645 (SFr 1.8690). On Bank of England figures, the dollar's index was unchanged at 115.4. Page 29

STERLING was unchanged in London, closing at $1.517. It was also unchanged at DM 3.4, but rose to FFr 10.835 (FFr 10.8275), and to Y256 (Y255.75), but fell to SFr 2.83 (SFr 2.835). The pound's exchange-rate index closed unchanged at 76.4. Page 29

WALL STREET: At 3.30pm the Dow Jones industrial average was 2.48 down at 1,781.50. Page 36

TOKYO: Stocks surged and blue chips held the spotlight. The Nikkei average rose 118.16 to 15,808.14 Page 36

LONDON: Equities and government securities firmed. The FT Ordinary share index added 7.5 to 1,312.5 while the FT-SE 100 rose 6.1 to 1,591.9. Page 36

GOLD gained 25 cents to $339.50 on the London bullion market. It also rose in Zurich to $339.20 ($338.90). Page 28

ROBERT HOLMES À COURT, South African-born businessman whose radio and television licences in Australia were threatened by questions over his citizenship, told broadcasting authorities he had become a naturalised Australian 10 days ago.

CREDIT LYONNAIS, second largest French nationalised bank, set at FFr 2.7bn ($378m) the issue of non-voting shares (certificats d'investissments) it is making to boost its capital base. Page 13

INTERNATIONAL Thomson Organisation, Canadian-controlled publishing, travel and energy group, posted a slight increase in first-quarter profits to £13m ($19.7m) a share, from £12m a year earlier.

ENASA, state-owned Spanish truck and bus producer, injected another $4.5m into its UK subsidiary, Seddon Atkinson. Page 12

NCR, US computer and banking equipment manufacturer, is planning to double the size of the share buy-back programme announced a year ago in a move that may involve the repurchase of around 8 per cent of its stock. Page 13

VOLKSWAGEN, West German motor vehicle manufacturer, said car sales in the first quarter rose 1.8 per cent to 635,000 units, spurred by strong domestic demand which continued into April. Page 13

Ford declares its interest in buying Alfa Romeo stake

BY ALAN FRIEDMAN IN MILAN

FORD of the US yesterday announced its interest in acquiring a substantial equity stake in Italy's Alfa Romeo, the state-owned car maker, which has been suffering heavy losses. Both companies raised the possibility of Ford's eventually taking majority control of Alfa.

Ford and Alfa said they were undertaking a two-month feasibility study to examine plans for collaboration. Ford may then take an initial shareholding that might "lead to a majority position [in Alfa] if the study confirms the anticipated benefits."

The Ford-Alfa joint statement was worded far more strongly than any made during the year-long negotiations aimed at a merger between Ford and Fiat, which collapsed last October after Fiat refused to cede majority control to Ford.

Yesterday's announcement, for example, said "both companies expect substantial technological advantages and business opportunities to accrue from the combination of these two great names."

Officially, however, executives at both companies were insisting that it was too early to speak of a Ford takeover of Alfa Romeo.

Alfa Romeo, the second-largest Italian car company after Fiat, has global indebtedness of L1,280bn ($832m) last year suffered a more than doubled loss of L240bn, and was able to utilise only 36.7 per cent of its productive capacity of 430,000 cars a year.

The company's difficulties include not only excess factory capacity at its main plants near Milan and Naples, but the fact that only 24,000 of its officially registered 33,834 workers are actually employed.

Ford spoke last night about preserving Alfa's "unique Italian identity" and there was talk in Rome of the success Ford could enjoy in selling Alfa cars through its vast distribution network.

Prime Minister Mr Bettino Craxi was said to have been told of the Alfa-Ford talks, as were Alfa's trade unions, which already yesterday welcomed the prospect of a takeover by Ford.

"There is a general appreciation that while Alfa can offer Ford technology and luxury cars, it cannot survive on its own," said one official of IRI, the state holding company which owns Alfa.

Despite the preliminary nature of the Alfa-Ford agreement, which so far calls only for a study, information began to leak yesterday about aspects of any potential deal. Thus it appears Ford might potentially take an initial stake of between 30 per cent and 49 per cent, to be coupled with a production agreement which would make use of Alfa capacity.

Under the terms of the deal being discussed Ford could increase its holding to 51 per cent after a fixed period of between one and three years. The two sides have even dissused the amount of joint investment desirable, namely $1.3bn over the next eight years.

Editorial comment, Page 10; Lex, Page 12; Ford's third European drive, Page 13

Baker aims for reform of British education system

By Peter Riddell in London

MR KENNETH BAKER yesterday took over from Sir Keith Joseph as UK Education Secretary with a commitment to obtain sufficient resources to raise standards and to reform the education system.

Mrs Margaret Thatcher, the Prime Minister, announced the expected minimum changes required by Sir Keith's decision to leave the Government ahead of his retirement from the Commons at the next general election.

Mr Baker's post as Environment Secretary is being taken by Mr Nicholas Ridley, the Transport Secretary, who in turn is being replaced

GOVERNMENT CHANGES

Education Secretary	Kenneth Baker (Sir Keith Joseph)
Environment Secretary	Nicholas Ridley (Kenneth Baker)
Transport Secretary	John Moore (Nicolas Ridley)
Financial Secretary to the Treasury	Norman Lamont (John Moore)
Minister of State for Defence Procurement	Lord Trefgarne (Norman Lamont)
Under-Secretary for Armed Forces	Roger Freeman

by Mr John Moore, until yesterday Financial Secretary to the Treasury and the only newcomer to the Cabinet.

The changes do not alter the balance of the Cabinet since Mr Moore has been a strong supporter of Mrs Thatcher's economic approach in his Treasury role as co-ordinator of the privatisation programme.

A clear aim of both Mr Baker's move and Mr Moore's promotion is to put ahead of the general election ministers who are good public communicators into politically sensitive jobs.

Senior ministers accept that the Government has been forced on the defensive over education, particularly after the teachers' pay dispute and given the row over university spending.

A review is now underway of both the structure of education, especially the degree of control exercised by Whitehall over what happens locally, and the resources available. Mrs Thatcher has been pressing for an increase in parental control by some form of credit scheme.

Continued on Page 12

Profiles, Page 5; Editorial comment, Page 10; Economic Viewpoint, Page 11

Kaunda warns he may quit Commonwealth

BY PATTI WALDMEIR IN LUSAKA

PRESIDENT Kenneth Kaunda of Zambia is threatening to take his country out of the Commonwealth if Britain maintains its opposition to economic sanctions against South Africa.

The President's warning came against a background of mixed signals from South Africa. President P. W. Botha yesterday threatened further cross-border raids designed to "break" the African National Congress (ANC), while Mr Pik Botha, his Foreign Minister, spoke of continued negotiations with the Commonwealth "Eminent Persons Group" seeking to mediate between blacks and whites in the Republic. He also repeated the Government's offer of a conditional release for Mr Nelson Mandela, the detained ANC leader.

Dr Kaunda was speaking in an interview with the Financial Times in the wake of this week's South African raids on Zambia, Botswana and Zimbabwe. He said he would take no action on a withdrawal until the seven Commonwealth leaders, who sponsored the group seeking to mediate between blacks and whites in the Republic, meet at the end of July.

Zambia's elder statesman leader, who has played a prominent role as a mediator in southern Africa during his 22 years in office, said he had decided to postpone an immediate decision because of pressure from other Commonwealth leaders who had contacted him by telephone to urge a joint response to the crisis provoked by Monday's raids on alleged ANC targets.

Dr Kaunda strongly criticised Mrs Margaret Thatcher, the British Prime Minister, for her continued opposition to economic sanctions as a way of bringing change in South Africa. Mrs Thatcher was "not being truthful in this matter," he said.

Commenting on the Prime Ministers remarks in the House of Commons on Tuesday, in which she repeated her opposition to sanctions on the ground that they would not work, Dr Kaunda said: "Her real reason for objecting to sanctions is to defend British interests. Those interests of hers will go up in flames."

He emphasised the impact of the withdrawal of credit lines by international banks, which prompted a financial crisis in South Africa last August. "If the banks can repeat that move, then South Africa will be

Continued on Page 12

Details and analysis, Page 2

Institute challenges 3% growth forecast for UK

BY GEORGE GRAHAM IN LONDON

BRITAIN'S economic prospects are being damaged by the Government in keeping interest rates and the exchange rate too high, according to the National Institute of Economic and Social Research.

Interest rates are being held high in real terms and in comparison with rates elsewhere in the world, the Institute says in its quarterly review of the economy. That has prevented sterling from adjusting fully to the lower level of oil prices. Exports and investment levels are therefore being impaired.

The Institute says this year's budget in March was not as expansionary as it should have been, and takes issue with the Treasury's forecast of 3 per cent growth in the UK economy in 1986. It sees total output growing by about 2 per cent this year.

The continued slowdown in UK economic growth was confirmed yesterday with the publication of preliminary estimates of gross domestic product in the first quarter of 1986. They showed that output of the whole economy grew by almost ½ per cent from the previous quarter, but that most of the growth was accounted for by buoyant oil production.

Gross domestic product, on the output measure, stood about 2½ per cent higher than in the same period of 1985, or 1½ per cent after adjusting for the effects of the coal miners' strike on output last year.

Oil apart, output remained flat in the first quarter, with growth of around ½ per cent in service industries helping to offset a fall of around 1 per cent in manufacturing output. The distribution sector showed little change.

At the Treasury, officials noted that recent evidence from the Confederation of British Industry's (employers' organisation) survey of manufacturers pointed to a firmer trend in the second quarter, and said that the fall in the oil price should bring economic benefits later in the year. There is now some caution, however, over the budget forecast of 3 per cent GDP growth.

Preliminary estimates of GDP growth are liable to revision, and have in the past been altered by as much as 0.4 percentage points.

The National Institute's forecast of 2 per cent growth in 1986 – or 1½ per cent after adjusting for the effects of the miners' strike – differs from the Treasury's principally in its less optimistic view of domestic demand, particularly fixed investment.

Where the Treasury saw fixed investment rising by 5 per cent in real terms in 1986, the Institute sees little change this year, and growth of only around 1 per cent in 1987.

The Institute shares the Treasury view that consumer spending will rise substantially. Last year's fall in import prices and the more recent drop in oil prices have slowed the rise in consumer prices, with little sign yet of any corresponding slowdown in the rate at which earnings are rising. That means a continued rise in real incomes.

The National Institute's forecast also sees exports continuing to suffer from the delayed effects of last year's appreciation of sterling. With the fall in oil prices reducing the surplus on the UK's oil trade by around £3bn ($4.55bn), it sees the overall current-account surplus disappearing this year and turning to a deficit in 1987.

UK to computerise settlement in shares

BY CLIVE WOLMAN IN LONDON

THE LONDON Stock Exchange yesterday announced the adoption of a three-year programme to end the general use of share certificates by UK investors by computerising the process of transferring share ownership.

The new service is aimed at dispensing with the estimated 100,000 pieces of paper, in particular share certificates and contract notes, generated daily by stock exchange transactions. The system, establishment and introduction of which in early 1989 for £6m ($9.06m) was approved by the Stock Exchange Council on Tuesday, is to be called Taurus, the Transfer and Automated Registration of Uncertificated Stock.

All UK stockbrokers and market makers are expected to become Taurus account-holders, as are the banks, pension funds, insurance companies and other institutional investors. The stock exchange estimates that Taurus, by removing the need to store, adjust and move around large numbers of share certificates, will cut the costs of settling stock market bargains by 70 per cent and yield staff savings for City of London institutions of about 1,700.

Taurus account-holders will be able to hold sub-accounts for small individual investors, who will therefore also be able to buy and sell their shares through the system. The names of individual shareholders will continue to appear in the share registers of listed companies.

Mr Michael Baker, director of the stock exchange's settlement services, said the system would be particularly appropriate for the managers of the Personal Equities Plans, which the Government proposes to introduce next January.

Taurus will operate alongside the present stock exchange computerised settlement system, Talisman, which was introduced in 1979. Talisman requires the physical transfer

Continued on Page 12

British Caledonian agrees to end merger discussions

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

PLANS FOR possible collaboration between British Caledonian Airways (BCal) and Mr Harry Goodman's International Leisure Group (ILG), which might have led to a merger of the two organisations, have been broken off by mutual agreement.

"No further talks are taking place or are planned," a joint statement said yesterday.

Today's board meeting of Caledonian Aviation, the parent company of BCal, which had been expected to review the talks, will now discuss other matters.

Whether those will include alternative collaborative plans, such as with the Rank Organisation – with which BCal is already involved through the joint charter operation, Cal-Air – was not disclosed.

For the time being, BCal is expected to continue alone with its programme of retrenchment, announced last week, involving up to 1,000 voluntary redundancies, cuts of up to 7 per cent in capacity, and closure of some UK sales offices, to meet a shortfall in traffic, especially on North Atlantic routes, so far this year.

Yesterday's joint statement said that talks between the two groups initially concerned only the operational merger of short-haul aircraft activities, but were subsequently widened.

"In the event, however, the boards of ILG and British Caledonian Group have decided that it will not be in the interests of their companies to continue discussions, and these have consequently been terminated," the statement said.

ILG owns Air Europe, a short-haul airline using Boeing 737-300, and based, like BCal, at London's Gatwick airport.

A combination of the Air Europe and BCal fleets for short-haul work in Europe was at one stage regarded as highly promising for both groups.

Subsequently, it appeared that the talks had been widened to include the possibility of an outright merger between the two groups, but BCal had reservations about that.

This week, intensive discussions between senior BCal management and Investors in Industry (3i), the biggest single shareholder in the Caledonian group with 42 per cent of the equity, appear to have influenced it in favour of remaining with BCal and not seeking either to dilute its equity or relinquishing it through a merger.

CONTENTS

Ramphal adopts tough line on sanctions

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

THE COMMONWEALTH Secretary-General, Sir Shridath "Sonny" Ramphal, yesterday accused Pretoria of dealing a "calculated blow" at the Commonwealth's mediation efforts in South Africa and said sanctions was now the only way to promote peace in South Africa.

Sir Sonny, who was addressing a specially convened meeting of the Commonwealth's Southern Africa Committee, made up of the member countries' High Commissioners in London and a Foreign and Commonwealth Office representative, said Pretoria itself had put sanctions back on the agenda.

The work of the Commonwealth Group of Eminent Persons (EPG), set up to find the basis for a dialogue between white and black in South Africa, had been grievously undermined by last Monday's raids by Pretoria on three neighbouring states.

The raids were "a declaration of war" against the process of peace itself. They were carried out at a time when the Commonwealth was engaged on the enormously difficult and delicate enterprise of helping South Africa to a resolution of its grave problems through the dismantling of apartheid and the establishment of a genuine democracy.

There was now only a slender chance for the survival of a Commonwealth capacity to promote peaceful change in South Africa.

What was clear, however, was that whatever chance remained, depended on convincing Pretoria that there was no other feasible way than the path of fundamental change through a process of peaceful negotiations.

In a clear reference to the rejection by Mrs Margaret Thatcher, the British Prime Minister, of sanctions, Sir Sonny said that those who, "for ideological or other reasons" believed that sanctions would not work, must be helped to recognise that they represented the best course for bringing about peaceful change.

"Nothing will drive a nail more firmly in the coffin of the Commonwealth process than statements and action which South Africa interprets as an assurance that, however utterly and completely its outrages are condemned, it need have no fear of economic sanctions," Sir Sonny said.

Nevertheless, Sir Sonny said that the work of the EPG was not ended. The group would keep to the timetable of preparing a report on its work before the end of June.

That report would be submitted to a meeting of the seven heads of Commonwealth governments who had sponsored the group, probably at the end of July.

Frontline states fear trade curb backlash

BY TONY HAWKINS IN HARARE

THE CALL this week by six independent black states in southern Africa for mandatory and comprehensive sanctions against South Africa would have major implications for the region if ever put into effect.

Of the six—Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe — only Tanzania and Angola do not have vital trade and transport links with the republic. In addition, Malawi, Swaziland and Lesotho would be hard hit.

All would need to seek either total or partial exemption from the sanctions call, or require—as the former President of Tanzania, Dr Julius Nyerere has advocated — massive financial and logistical assistance from the West.

A paramount fear among the six is the counter-measures and reprisals Pretoria could take.

Rather than maximising trade and transport links with its neighbouring dependent economies to earn foreign exchange and offset any sanctions, Pretoria is more likely to adopt such measures as import curbs while tightening exchange controls to maintain output and employment in its own economy.

These would hurt Zimbabwe which, in the first nine months of 1985, sold $80m of exports to South Africa—just over 10 per cent of total exports.

Transport is where dependence on South Africa is greatest. It was estimated last year that total annual traffic tonnages for Botswana, Malawi, Zaire, Zambia and Zimbabwe amounted to 15m tonnes, of which 1.7m tonnes was being shipped through the Tazara rail link between Zambia and Tanzania and a further 800,000 tonnes through the Mozambique ports of Beira and Nacala. This left some 83 per cent of the balance going through South Africa.

Dependence varies from country to country but Botswana, Lesotho and Zimbabwe are almost totally dependent on the South African systems with 1984 figures showing that 94 per cent of Zimbabwe's trade used either the South African railways or ports or both.

Traffic dependence could be reduced primarily by reopening the Zimbabwe-Maputo rail link, closed by rebel activity since 1984, and substantially expanding traffic through Beira. This would involve heavy investment and take years to complete but also assumes that the Mozambique forces could restore security.

About 10 per cent of South Africa's 1983 exports worth $1.4bn were sold to 47 African countries while only 2.5 per cent total imports emanated from Africa.

An overwhelming proportion of the imports of Botswana, Lesotho and Swaziland come from South Africa, while Zimbabwe relies on the republic for about one-fifth of its total foreign supplies. South Africa is major supplier of foodstuffs, and especially grain, to its neighbours. Most of the states rely on South Africa for petroleum imports.

At the end of 1983 there were some 353,000 migrant workers with Lesotho (145,000) and Mozambique (71,000) being the most vulnerable to labour repatriation measures by Pretoria.

Battle to resettle homeless

By Our Johannesburg Correspondent

RED CROSS, Church and other relief agencies yesterday battled to re-settle, feed and treat an estimated 30,000 people left homeless after three days of fighting at the Crossroads squatter camp near Cape Town which is estimated to have cost over 50 lives.

Large areas of the once teeming squatter camp have been reduced to a scorched wasteland of twisted corrugated iron and charred personal belongings.

Several thousand people have been moved by government trucks to the squatter facilities at Khayelitsha three miles away.

Relief workers have described the events of the last few days as "the greatest human tragedy in Cape Town's history."

Two white clergymen and a black church social worker Mr Joe Seremane who entered the camp to try and mediate between rival factions to end the fighting were teargassed by police who have been accused by many residents and eyewitnesses of standing by and even giving tacit protection to conservative factions as they burnt and destroyed the shacks of opponents.

The police have denied any partiality and said they were engaged in positive action to stop the fighting and help the homeless.

Meanwhile, another six people were killed yesterday—three "necklaced" by burning rubber tyres and three hacked to death in a resumption of fighting between "Amabutho" vigilantes and radical students in the Kwamashu township on the outskirts of Durban.

Hundreds of students reportedly rounded on the vigilantes who were accused of attacking schools in the neighbourhood.

Lesotho challenge

Five political parties have called on Lesotho's military rulers, in power since January, to form an all-party government of "national reconciliation," Reuter reports from Maseru. They said the military council that toppled the civilian regime of Prime Minister Chief Leabua Jonathan was campaigning to stay in power while restricting political activity. Army ruler Major-General Justin Lekhanya banned all political activity in Lesotho indefinitely after taking power.

Drought nurtures seeds of revolt

Antony Robinson in Steelpoort, northern Transvaal assesses the mood of black and white in the Boer heartland.

"IF YOU ARE found giving your caddy a tip, you will be banned for one month," warns the notice pinned up on the board of the Chrome Club at Steelpoort, a remote farming and chrome mining area in the north-eastern Transvaal.

Above it is the official caddy tariff—nine holes R2.50 (£1.60), 18 holes R5. Lounging under the trees a dozen young blacks from the dusty homeland townships of Lebowa just across the shallow Steelpoort River wait to be hired.

There were no golfers on the beautiful course ringed by thorn tree-covered hills last Friday as angry local farmers harangued their National Party MP, Mr Pietie du Plessis, the Minister for Manpower, about the tactics of "Communist agitators" from across the river.

Over the past two months the Steelpoort valley has become the latest rural area to be caught up in the spread of black revolt from its original focus in the townships to rural areas which, hitherto, had remained mired in a pattern of rural poverty and quasi-feudal black-white relations.

Unlike other areas of the country, the northern Transvaal remains in the grip of a drought which has lasted for seven years. It has sent farmers deep into debt and made them anxious for their futures. Bore holes are running dry, and the shallow Steelpoort River cannot provide the water needed for the maize, citrus, cotton and ground nuts.

But the plight of the white farmers pales in comparison to the poverty, hunger and deprivation across the river where Lebowa begins.

Lebowa, the second largest and most populous homeland after Kwazulu, is now home to over 2m mainly north Sotho-speaking people, re-settled, many of them forcibly over the past 15 years, on a series of high and practically waterless plateaux which rise from the Transvaal high veld.

Many are still untouched by modern civilisation and witchcraft is prevalent in the more remote areas. Two months ago, the bodies of 34 mainly elderly people were found burned to death in a shallow grave covered by branches on a hillside not far from Steelpoort.

They had been "sniffed out" and burnt as witches. Many were subjected to a modern form of execution used with increasing frequency to settle political scores in the townships — the feared "necklace," a petrol-soaked rubber tyre placed round the victims neck and set alight.

Local police said the execution method was proof that they were victims of political conflict stirred up, by affiliates of the United Democratic Front (UDF) as part of the African National Congress (ANC)-inspired drive to extend the black revolt against apartheid to rural areas.

These claims have been strenuously denied by the UDF, at least three of whose leaders, including the veteran trade union official Mr Peter Nchabeleng, have died in police custody in recent weeks.

About the same time as the witch burnings, Steelpoort farmers had their first taste of labour trouble. Farm trucks carrying day labourers back to Lebowa were stoned and set on fire, cattle fences were torn down and cattle and crops stolen. Then, farmers complained, their workers were "intimidated" and told not to work for less than 5 rand a day.

At a meeting with the minister, many of the farmers turned up in their farm "bakkies" (pick-up trucks), Mercedes or BMW's with pistols tucked into their belts.

Some called for an electrified fence, similar to that along the northern Transvaal border with Zimbabwe, to be built along the river.

At the end of the meeting the minister received warm applause after promising to satisfy their security requirements. He also promised other measures to improve the local economy."

Mr Du Plessis appealed to the journalists present not to take the macho image of the tough-looking Afrikaner farmers at face value.

"They look hard and sometimes they talk wildly, but many of them really look after their blacks, they give what they can afford, but they are not a factory or a mine and, with the drought, they can hardly keep body and soul together," he said.

It was a good try, but shortly after the last tight-lipped farmer climbed into his BMW and drove back to his farm, a talk with black women in nearby fields revealed the huge gap in living standards.

For an 11-hour day starting at 6 am women receive just R1 and their children 90 cents picking cotton under a blazing sun. The alternative is unemployment and malnutrition, if not starvation.

27 killed in Bangladesh

TRIBAL insurgents have killed at least 27 settlers and wounded 20 in a fresh attack in the Chittagong Hill Tracts region of southern Bangladesh, Reuter reports from Dhaka. Residents said that hundreds of heavily armed members of the Shanti Bahini (Peace Force) guerrilla group raided three villages in Khagrachari district earlier this week.

The guerrillas threatened more attacks unless the settlers, who were moved to the Hill Tracts under a government plan to ease over-crowding on the plains, left the area soon.

More than 130 were killed and nearly 250 wounded in the previous attacks, the officials said. Shanti Bahini took up arms in the early 1970s to demand autonomy for the 5,100 square mile district, which borders India and Burma.

S. Korean police break up student sit-in at US office

BY STEVEN B. BUTLER IN SEOUL

ABOUT 100 South Korean riot police stormed the US cultural centre in Pusan yesterday and ousted 21 students who had forcibly occupied the centre's library in a protest against "US imperialism."

The students, brandishing clubs and pipes, knocked over a guard outside the centre and reportedly destroyed furniture inside.

The occupation of the centre is the latest in a series of actions against US facilities which began about a year ago, when 72 students staged a peaceful four-day sit-in at the cultural centre in Seoul and left after negotiations with US officials.

It underscores once again the vulnerability of US targets even though security has been intensified at all US Government installations in Korea in recent months.

The US embassy in Seoul issued a statement thanking the Korean national police for their assistance and expressing regret that two policemen were injured.

The Pusan centre was subject to a fire-bomb attack by students in 1982 in protest against alle in 1982 in protest against alleged US involvement in suppressing the Kwangju insurrection of May 1980, in which several hundred people died. At the time the fire bombing was considered an isolated event. Since then, anti-American sentiments have spread rapidly in Korea.

Aquino cuts petrol prices in bid to boost demand

BY SAMUEL SENOREN IN MANILA

PHILIPPINE President Corazon Aquino yesterday cut the prices of petroleum products by an average of 10 per cent in a move to boost the purchasing power on consumers and increase industrial activity which has remained generally weak since she took power from deposed President Ferdinand Marcos last February.

The price of fuel oil, which accounts for roughly 50 per cent of the Philippines' total oil consumption, was cut by 19 per cent.

The cuts, the second ordered by Mrs Aquino in three months, will mean a loss of pesos 4.2bn (£137.5m) in tax revenues annually.

But the Government hopes to recover the loss from increased taxes generated by a revived economy. It expects gross national product to rise 1.3 per cent this year compared with a fall of 3.9 per cent last year.

A 10 per cent cut ordered in March has helped reduce the inflation rate to just slightly over 2 per cent in April, the lowest in years.

AP adds: Mrs Aquino received cheques for $3m (£2m) yesterday, the first money surrendered by a friend of ex-President Marcos in exchange for immunity from prosecution, the presidential palace said.

The two cheques represent "the first instalment" for Marcos-linked property paid by businessman Mr Jose Campos, an alleged Marcos front man, the palace said.

Memories sap momentum of Bhutto's 'tidal wave'

BY JOHN ELLIOTT, RECENTLY IN ISLAMABAD

PAKISTAN HAS moved into a new phase of political uncertainty one month after Miss Benazir Bhutto returned from Europe to claim the mantle of her late father, President Zulfikar Ali Bhutto, and to oust from power the man who had him hanged in 1979, General Zia Ul Haq, the current President.

Miss Bhutto has pulled consistently large crowds, estimated at 10m in their totality, in a country-wide tour from the moment she landed in Lahore on April 10. She has shaken the Government enough for it to take two steps in recent days which are causing widespread controversy.

On Saturday the Muslim League party led by Mr Mohamed Khan Junejo, the Prime Minister, decided to oust Mr Fakhar Imam as the speaker of the National Assembly with a vote of no confidence. A few days earlier a Presidential ordance was issued cancelling election laws which might have forced by-elections on Mr Junejo and possibly 170 of his assembly party members.

Both moves are aimed at removing political problems and at strengthening Mr Junejo's parliamentary base at a time when the regime does not want to have to face Miss Bhutto's supporters in by-election campaigns. But the moves also provide Miss Bhutto with fresh ammunition to fire at the Government, and the ordnance might be overturned in the courts, according to constitutional lawyers.

Although Miss Bhutto is a long way off her objective, the vivacious, unmarried 33-year-old has brought drama and excitement to a rather drab male-dominated Muslim society.

In recent interviews Miss Bhutto has claimed she is leading a "caravan of democracy," and is creating a "tidal wave" which promises a "better tomorrow."

At first glance she represents potential freedom from authoritarianism and has special appeal for the young. But memories in urban areas of her father's often repressive 1970s regime are causing many to question how much freedom she really expouses.

"Doesn't she realise that in this country Ferdinand Marcos is her father" said one politician, commenting on her habit of comparing herself with President Corazon Aquino who drove the former Philippine leader into exile in February. Her insistence that times have changed and that the 1970s violence was overstated are widely questioned, and her sometimes autocratic personal style has given ammunition to her opponents as well as upsetting supporters. She is facing a major rift in her party organisation and with other leaders in her home province of Sind.

President Zia ousted her father in 1977 and introduced martial law which continued until the beginning of this year. He ended the military regime—but the army is still a power behind the scenes and he is still chief of army staff. He has also installed as Prime Minister Mr Junejo, a regional politician from Sind with little national experience or interest in social and economic issues.

Miss Bhutto is demanding fresh elections based on political parties later this year instead of waiting until the due date of 1990. Her first month's tour has ended with the start of the Muslim Ramadan month of fasting. She is spending the next few weeks at her Karachi home, consolidating her position, sending party workers out to build up local organisations.

The aim to to turn her hugely successful peaceful demonstrations of the past months into a political movement that will lead to early elections without her being arrested. She neither wants to wait so long that the impetus of her arrival is lost, nor to move so fast that violence breaks out causing her to end up in jail or in exile.

She is talking about elections this autumn, but a more logical time-scale, which many people believe can be achieved if she can keep up the pressure, could be sometime later next year.

But it is difficult to see how that will happen because President Zia knows he could not survive with Miss Bhutto as Prime Minister and there is the permanent risk that he or another army officer might eventually reintroduce martial law.

Miss Bhutto so far has refrained from attacking Mr Junejo, saying she is aiming her fire at the main target, President Zia. She denies widespread rumours that she has some sort of understanding that Mr Junejo might one day switch to her side. But both their landowning families come from Sind which means there could be links.

So the ending of martial law in Pakistan has increased rather than decreased political uncertainty. Bankers and businessmen say much of the impetus has gone out of Government policy and decision-making. Investment decisions are being delayed by businessmen, partly by a fear of instability and partly because of the wave of nationalisation in the 1970s under Ali Bhutto, despite Miss Bhutto's professed belief in a mixed economy.

Sri Lankan factory damaged by blast

By John Elliott

One of Sri Lanka's most modern factories was severely damaged by a bomb blast in the north-eastern city of Trincomalee yesterday as the island's security forces continued their operations against Tamil extremists in the north.

Nearly 40 people have been killed in various parts of the island during the past few days, seven of them during a riot in the capital of Colombo early yesterday when off-duty soldiers clashed with local residents.

The factory, Tokyo Cement, is 27.5 per cent owned by Mitsui Mining of Japan and about half its $22m cost was funded by a Japanese Exim-bank loan. It started production of 700 tonnes of cement per day in a Tamil area 18 months ago.

Many foreign investors have stayed clear of Sri Lanka since the Tamil troubles turned violent nearly three years ago. Yesterday's factory blast is likely to put fresh doubts in the minds of executives still thinking of investing here.

It is generally assumed that the factory was bombed by Tamil extremists. However last night the company pointed out that its chairman, Mr A. Y. S. Gnaman, and 70 per cent of the 500 employees were Tamils.

Mr Gnaman, a major Sri Lankan industrialist, said last night that six men entered the factory early yesterday and herded the night shift into a room for safety before letting off a bomb. The damage could take up to a year to repair, he said.

"I am puzzled. I see no reason for a Tamil attack," he declared.

There have, however, been very few if any such attacks by the country's majority Sinhala community since the violence started with Sinhala mobs burning Tamil property in July 1983.

On the northern Jaffna peninsula where about 30 people were killed in army actions early this week, the town of Velvedditurai was bombarded by the Sri Lankan navy in what appeared to be a clearing-up operation after the earlier battles.

The Colombo riot took place within a few yards of the country's army headquarters when six soldiers went to a poor Moslem residential area looking for prostitutes. They were chased away twice and on the third occasion started firing. Six civilians including a child and one soldier were killed.

The Sri Lankan army has often been accused of staging violent rampages in rural areas but this is the first time it has happened in the heart of the capital.

Abu Dhabi oil company to cut salaries

THE state-owned Abu Dhabi National Oil Company (Aunoc), hit by falling oil revenue despite producing at a four-year high, is cutting salaries and employee benefits to rationalise costs, Reuter reports from Abu Dhabi.

Company officials were quoted as saying that employees who now receive salaries above the company's basic pay schedule would have them cut, while holiday entitlements for all staff would fall to 35 days a year from 45 days

Abu Dhabi, the largest of the United Arab Emirates (UAE), now produces around 1m barrels of oil a day, its highest level in four years. But plummeting oil prices have drastically reduced revenue.

Aunoc planned to withdraw housing allowances for married female staff and suspend efficiency bonuses until further notice. It is understood that subsidies for the education of employees' children would also be cut.

Prosecutors drop Kohl inquiry over party funds

BY PETER BRUCE IN BONN

PROSECUTORS in the West German state of Rhineland Palatinate said yesterday they had decided to drop their investigation into charges that Chancellor Helmut Kohl had deliberately misled a state parliamentary inquiry into party funding.

The investigation, one of two, had begun to worry Mr Kohl's party, the Christian Democrats (CDU), and the news that it has been dropped must be deeply satisfying to the West German leader. The Koblenz-based prosecutors have called off their probe just ahead of next month's crucial state elections in Lower Saxony.

The CDU, which presently rules the state, has been in serious danger of losing control to an alliance of the Social Democrats (SPD) and radical Greens, whose fortunes have been boosted by the Chernobyl nuclear disaster. The Koblenz decision may help tip the balance back Mr Kohl's way.

The [illegible] made by a prominent member of the Greens, Mr Otto Schily, a Berlin lawyer, [illegible]

The prosecutors found that the question to which the Chancellor actually said "no" was more complicated and could have been interpreted in two ways. They criticised the [illegible] committee leadership's handling of Mr Kohl's testimony.

The Chancellor nevertheless faces another investigation by prosecutors in Bonn into another charge brought by Mr Schily that in November 1984 he lied to a federal parliamentary committee by claiming not to know about two cash donations [illegible] given to his private office by the former Flick industrial group.

This investigation is also widely expected to be called off.

Economy looks up in Greece

By Andriana Ierodiaconou in Athens

GREECE'S CURRENT account deficit in the first three months of this year fell to $874m (£575m) from ($1.134bn) (£746m) in the same period last year, a decrease of 22.9 per cent, according to figures released by the Bank of Greece on the eve of a review of the economy by visiting European Commission and International Monetary Fund teams.

Commission officials began their two days of consultation with the Government today. They are to examine the progress so far of a two-year economic stabilisation programme introduced last October to reduce Greece's double-digit inflation and high external and domestic deficits.

Greece negotiated a two tranche Ecu 1.75bn (£1.1bn) EEC loan to help tackle its economic crisis last November, with agreed periodic monitoring of the economy by Brussels. The second tranche of the loan is due at the beginning of next year.

An IMF team is expected here on Monday for a two-week annual review of the economy.

Greek officials said yesterday that the January-March balance of payments figures are consistent with the Government's deficit target of $1.7bn by the end of 1986, about half last year's record deficit of $3.2bn. They expressed concern, however, about the persistently high level of imports, despite the fact that the October stabilisation measures included a compulsory import deposit scheme and a 15 per cent devaluation of the drachma.

Import payments in the first three months reached $2.453bn compared to $2.566bn last year, despite a saving of $212m in imported oil costs. Export earnings went up by 1.4 per cent to $1bn.

Austrian wine merchants go on trial

By Patrick Blum in Vienna

THE FIRST major trial of wine merchants accused of doctoring large quantities of Austrian wines began this week in Krems, in lower Austria. Four men face charges of fraud and possibly long jail sentences.

On trial are the owners of Gebrueder Grill, a company run by Josef and Richard Grill, as well as their cellar supervisor and a chemist. They are accused of producing almost 6m litres of wine sweetened with the toxic chemical diethylene glycol, which can cause brain and kidney damage. They are also accused of producing more than 28m litres of artificial wine with the help of a chemist since 1978.

The trial, expected to end on June 4, is being followed closely here in the wake of widespread protests by farmers against the Government's agricultural policies and a tough wine law introduced in the autumn following the scandal. Farmers say the wine law is bureaucratic and will punish them financially for the activities of a small number of dishonest wine producers and merchants.

Austria's wine exports collapsed as a result of the scandal and several companies have faced serious financial difficulties. Gebrueder Grill was declared bankrupt by a court in Krems last August after accumulating debts of more than $6m—the first case of bankruptcy connected with the wine scandal.

In March, Lenz Moser, Austria's largest wine exporter which was not implicated in the scandal, decided to shed more than a third of its workforce and seek a business partner in efforts to overcome financial difficulties. The company's problems were caused by the collapse of wine exports.

Go-ahead for chemical arms likely

By Bridget Bloom

NATO Defence Ministers meeting in Brussels today are expected to confirm their approval of the production of new chemical weapons by the US after a 17 year break.

Their decision was foreshadowed last week when in a preparatory meeting for today's Defence Planning Council, ambassadors from 14 Nato member countries agreed with some reservations to ask the US to begin production of new binary chemical weapons. These are said to be safer than the nerve or mustard gases produced before 1969 since they become lethal only when individually non-toxic chemicals are combined.

The defence ministers are acutely aware of the political sensitivity of their decision, the necessity for which stems from the insistence of the US Congress that the Administration can only fulfil its long-stated wish to resume chemical weapons production.

As it is still not clear whether Congress is demanding a unanimous decision by the ministers as precondition for giving the go-ahead, much may depend on the way today's approval is expressed. Several countries object to the resuming production of chemical weapons, including Norway, Denmark and the Netherlands whose ambassadors dissented informally from last week's decision.

Most European governments, under pressure from the military, accept the need for newer and safer chemical weapons than the stock the US currently holds on behalf of Nato, although, like Britain, they have made clear they do not want them deployed in Europe in peacetime.

General Sir Nigel Bagnall, chief of the British general staff, told the Commons defence committee yesterday that possession of modernised chemical weapons by Nato would prove a deterrent to their use. British ministers say they hope modernisation of the alliance's chemical weapons stock by the US would force the Soviet Union to conclude a total ban in the UN-sponsored Geneva negotiations.

Kabul 'agrees' troops pull-out

MOSCOW AND Kabul have agreed a timetable for a phased withdrawal of Soviet troops from Afghanistan, according to Mr Anatoly Dobrynin, the former Soviet ambassador to Washington who is now a Communist party central committee secretary, Reuter reports from Vienna.

Writing in the Czechoslovak Communist party newspaper Rude Pravo, Mr Dobrynin said: "In the near future, the Soviet Union would like to withdraw the Soviet forces that are in Afghanistan at the request of the Government. A timetable of their phased withdrawal has already been agreed with the Afghan side." He did not make clear what conditions were necessary for withdrawal.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1986.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

EUROPEAN NEWS

Sir Geoffrey Howe

Howe urges faster progress on free trade

BY QUENTIN PEEL IN BRUSSELS

FASTER progress on removal of barriers to free trade within the EEC, liberalisation of transport, and deregulation affecting business, will be the top priorities for the forthcoming British presidency of the Community, Sir Geoffrey Howe, the British Foreign Secretary, said in Brussels yesterday.

He also warned about difficult problem areas to be dealt with during the six-month chairmanship, including how to balance the Community budget, and handle sensitive external problems including relations with Turkey and the other Mediterranean counties.

Sir Geoffrey, who was in Brussels for talks with the European Commission on the plans for the period beginning on July 1, cautioned against excessive expectations for "some great initiative" during the presidency.

He stressed instead the need for a co-ordinated programme as agreed with the Netherlands, currently in the EEC chair, and on the budget problem – with a supplementary budget for 1986 and the full budget for 1987 requiring agreement during the second half of the year – he simply urged "sustained self-discipline" to avoid a crisis.

Sir Geoffrey admitted there had been "some slippage" in the action programme for removing national barriers to a single internal market, but insisted that "the disposition to do better is stronger than it was."

He suggested it might be possible to change the order of priorities as set out in the European Commission's policy document to achieve a single market by 1992, in order to "move forward in areas where progress was not necessarily foreseen."

British planning for the presidency is already well advanced, with all the necessary extra staff in place in Brussels, and a co-ordinating unit established at the Foreign Office in London.

Extra staff are needed because the UK needs not only to occupy the chair at EEC meetings, but also to maintain its own national seat at the table.

The thinking outlined by Sir Geoffrey seems to involve a difficult balancing act between European and domestic priorities. The former is seen as requiring a solid but low-key presidency steadily pushing forward with Community programmes.

The latter means using the six months to get a better appreciation of the relevance of the Community across to the British public.

Sir Geoffrey said yesterday there was "insufficient perception of the importance of the Community to Britain, the British public, and the British economy."

Battle lines drawn in France over poll system change

BY DAVID HOUSEGO IN PARIS

ANOTHER STORMY session of the French National Assembly is expected today when deputies debate a censure motion tabled by the Socialists against the Government's bid to steamroller through the Parliament fresh changes in the electoral system.

The censure debate comes after President Francois Mitterrand warned the government yesterday that he had "strong reservations" about legislation it is putting before the Assembly. The warning concerned the bill approved by the cabinet yesterday which effectively reverses Socialist plans for giving the indigenous, Melanesian population of New Caledonia — France's South Pacific territory — more autonomy

Earlier this week, Mr Mitterrand made clear that he believed the National Assembly should have full opportunity to discuss the return to a single constituency, first-past-the-post electoral system. Mr Jacques Chirac, the Prime Minister, decided on Tuesday night, however, to forestall a debate on the change by making it an issue of confidence.

His decision immediately provoked a motion of censure by the Socialists who had earlier walked out of the Assembly after Mr Charles Pasqua, the Minister of Interior, accused elements of the French left of "lying down" before the Germans during the Second World War.

The extreme right-wing National Front will join with the Socialists and Communists in voting against the Government since it stands to be virtually eliminated from the Assembly if proportional representation is abandoned. The Government thus is likely to be reduced to its bare majority of two or three on the vote.

Mr Chirac's haste in forestalling debate on changing the electoral system reflects the discomfort in his own camp at the carving up of new constituencies which will accompany the change. Some 15-25 right-wing deputies risk losing their seats and the centrist UDF party of Mr Valery Giscard d'Estaing could be further weakened

Mr Giscard d'Estaing earlier called on his followers not to vote for the bill until the new constituency boundaries had been finalised, but he seems now to have abandoned this position.

The right made the restoring of a single seat majority system — which would have given it a landslide victory in the March general election—an important part of its pre-election platform. In pushing it through the Assembly, Mr Chirac's intention is to forestall any attempt by Mr Mitterrand to dissolve the Assembly with the proportional system still in force.

None the less, the definition of new constituency boundaries has become a thorn in the Government's side — and one that Mr Mitterrand intends to exploit to the full as the constitution gives him a substantial role in seeing that fair play is done.

Over New Caledonia, Mr Mitterrand's fear is that the changes being proposed by the Government will enflame Melanesian opinion on the islands. The Government is proposing a referendum within a year that would give New Caledonia a choice between independence and a regional autonomy that would effectively restore to the French settlers much of the political power of which the Socialists deprived them.

Libyans deny bombing US club

TWO Libyans denied in court yesterday that they attempted to bomb a US officers' club in Ankara last month, although one said his target was American cars parked outside. The other denied any involvement, Reuter reports from Ankara.

The indictment says both Ali El Ejefli Ramadan and Rajab Muhtar Tarhuni were caught near the club on the night of April 18 with a bag of fragmentation grenades.

The two denied yesterday ever meeting Libyan Consul Ali al-Zayyani, named as a defendant by prosecutor Ulku Coskun. It is not known if Zayyani is still in the country. Three other Libyan defendants have left Turkey.

Presiding Judge Ekrem Celenk dropped from the case two of them, both on the staff list of the Libyan People's Bureau (embassy) in Ankara, after reading a letter from the foreign ministry declaring that they had diplomatic status.

David Barchard adds from Ankara: It is assumed here that the decision to prosecute follows a lengthy dispute between the security services, which seem to have been convinced of official Libyan complicity in attack, and the foreign ministry and economic planners, who point out that, with more than $1bn worth of letters of guarantee outstanding in Libya, Turkey cannot afford a confrontation with that country.

However, a minister recently admitted that Turkey had been under very strong pressure from the US over the future of the head of the Libyan people's bureau in Ankara, Mr Mohammed Abdulmalik.

Mr Abdulmalik has been declared persona non grata in the US and in Switzerland in the past five years and there is considerable indignation in American circles at his continued presence in Ankara.

West Germany holds talks with Albania

WEST Germany said yesterday it had held secret talks with Albania on establishing diplomatic ties and indicated they had resolved a 40-year stumbling block over Albanian demands for war reparations, Reuter reports from Bonn.

A foreign ministry spokesman said the talks had been held in Vienna and had "clarified a series of very important requirements" for exchanging ambassadors.

He termed the talks exploratory and confidential. Both sides had agreed at the last round in March to meet again soon.

The spokesman declined to specify the requirements but he noted it was West Germany's position not to establish relations as long as Albania stood by reparations demands dating back to Nazi Germany's occupation in the Second World War.

Although Albania is the last country in Europe with which Bonn has no diplomatic relations, West Germany is a major trading partner for it.

"The West German Government considers the time is ripe to assume diplomatic relations with Albania," he added.

Albania's claims, which the spokesman put at $4.6bn, have blocked all previous West German efforts to forge ties with the fiercely independent Balkan country.

Accident revealed in France

By David Marsh in Paris

FIVE FRENCH nuclear workers suffered abnormal doses of radioactivity in an accident at the La Hague reprocessing factory on the Normandy coast on Tuesday.

Cogema, the nuclear fuel services company which runs the plant, said yesterday that two of the men received doses of 18 and 11 rems respectively. This compares with the annual limit of 5 rems allowed for nuclear personnel.

It gave details of the accident at the same time that Electricité de France, the state-owned utility, confirmed that an electrical failure two years ago at the Bugey nuclear plant in southeast France led to the most serious nuclear incident yet to have taken place in France.

Mr Pierre Tanguy, head of EdF's nuclear safety inspectorate, told a news conference yesterday tht personnel at the power stations responded with three hours delay to an alarm signalling a potentially serious fall in current in one of the power station's circuits.

A back-up diesel generator, intended to provide alternative current for the power station's control centre, proved defective. But nya risk of loss of cooling water circulating around the nuclear core was prevented when a second diesel generator was brought into service.

The Bugey incident was reported in the French authorities' nuclear safety bulletins after it took place in April 1984, but was not given wide publicity by EdF or by the Commissariat à l'Energie Atomique.

Le Canard Enchaine, the French satirical weekly, reported details of the incident on Tuesday—prompting the EdF and CEA to call a news conference yesterday

Both incidents are clearly minimal by comparisons with the disaster at Chernobyl, but have been publicised at a time when public opinion has been discomfited by the safety authorities' initial cover-up of the extent of the radioactive cloud which passed over the country after the Soviet catostrophe.

Official admits to experiments at Chernobyl

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION was conducting experiments to "check systems" at the Chernobyl nuclear power station at the time of the accident, a senior Soviet official in charge of nuclear safety said yesterday. Mr Victor Sidorenko, deputy chairman of the state Nuclear Safety Committee, said: "The accident took place at the stage of experimental research work."

He said the 1,000 mW reactor was throttled back to 6-7 per cent of normal power when the disaster occurred. "We planned some experiments when the reactor was at this level." Mr Sidorenko said but he would not elaborate on the nature of these experiments, except to say that "they were connected with checking some systems of the power station."

Soviet officials said last week that the accident occurred on April 26 during maintenance when there was a surge of power from the reactor from 6 per cent to 50 per cent. Mr Sidorenko is the first Soviet official to say that an experiment was being conducted at the time.

Although responsible for safety at Soviet nuclear power stations, at each of which the Nuclear Safety Committee has one officer, Mr Sidorenko was extremely evasive about the measures being taken at Chernobyl to ensure safety of workers and the local population.

Asked why his committee had denied all knowledge of a nuclear accident to the Swedish embassy in Moscow two-and-a-half days after it had occurred, Mr Sidorenko said that the officials in Moscow had no authority to distribute such information. He added later: "The people in place in Moscow didn't have information.

Mr Sidorenko's account of the first few days after the accident confirms the impression that the Government could not decide initially how to handle the disaster at home or abroad. Some senior officials have implied that the politburo was not informed of the seriousness of the accident for several days, but Mr Sidorenko confirmed yesterday that the commission of inquiry under Mr Boris Shcherbina, a Deputy Prime Minister, was appointed on the same day as the accident. A commission of this seniority could only have been appointed if the Kremlin was aware that a disaster had occurred.

Meanwhile, at Chernobyl itself, 400 men are working to dig a tunnel under the damaged reactor in order to construct a new concrete foundation. The newspaper Trud said yesterday that a tunnel almost 500 feet long is being driven through the sandstone beneath the building housing the reactor, by workers normally engaged in digging metro tunnels in Kiev and other cities.

Bonn gives DM 200m in aid to farmers

WEST GERMAN farmers are to be given DM 200m (£59m) in immediate aid to help offset alleged losses caused by fallout from the Chernobyl nuclear plant accident, writes Peter Bruce in Bonn.

The cabinet decided on the measures yesterday. The cost of the aid is likely to be shared with the *Laender* and is designed to help mainly producers of leaf vegetables.

Farmers have complained bitterly that in the wake of the Chernobyl accident, conflicting and often alarmist advice from Bonn and the *Laender* put people off eating or drinking agricultural produce. It is unlikely the farm lobby will be satisfied with DM 200m but even that amount will have been given only grudgingly by the Finance Ministry. To compensate, politically, Chancellor Helmut Kohl has recently been demanding reparations with Moscow.

● West German police yesterday arrested 195 anti-nuclear protesters and dismantled a tent city which the demonstrators had erected near the construction site of the country's first nuclear-waste reprocessing plant at Wackersdorf, AP reports.

Later, some 300 protesters gathered in the nearby village of Schwansdorf and clashed briefly with police throughout the early morning hours.

● Yugoslavia has put off building a nuclear power station in its main wheat growing area, the second cancellation of a nuclear plant this month, the official Tanjug news agency said yesterday, Reuter reports from Belgrade.

Public opinion has turned against nuclear power, especially since the Soviet nuclear accident last month. Officials say the Government is backing away from its nuclear development plans until the Chernobyl disaster can be assessed properly.

The electric power industry in the northern autonomous province of Vojvodina, Yugoslavia's bread basket, told the provincial assembly of its postponement decision on Tuesday. It had planned to build a nuclear plant near the town of Backa Topola in the current 1986-1990 five-year plan.

● France purchased 22 tonnes of New Zealand venison last week after the importation of game from Poland was banned because of the Chernobyl nuclear plant disaster, exporters told Reuter in Wellington.

Until the accident exporters had believed France would buy no venison this year because of the diplomatic row caused by the bombing of the Greenpeace ship Rainbow Warrior by French secret agents.

Belgian strikes diminish as spending cuts agreed

BY PAUL CHEESERIGHT IN BRUSSELS

TRADE UNION protests against sharp government spending cuts dislocated transport services throughout Belgium yesterday. But strike action — planned in some sectors to continue until tomorrow — appeared to be losing some of its force.

In contrast, there was relief in business circles that the coalition government of Mr Wilfried Martens had managed to agree on spending cuts of nearly BFr 200bn (£2.9bn) after 47 days of detailed internal negotiation.

The cuts were the most extensive that could be expected under the political circumstances, senior executives of big companies said. There had been an important break with previous practice, they added. For the first time in recent years the Government had attempted to re-order its own spending without recourse to tax increases.

The most obvious expression of business confidence was the continued rise of prices on the Brussels Bourse, where for the second day record levels were touched across domestic stocks.

Union action against public services was more marked in the French-speaking south of Belgium than in the Dutch-speaking north. Trains were at a standstill in the south but some were running in the north.

A cleavage has developed in the union approach between socialist organisations, anxious to spread the strike into the private sector, and Christian organisations with links to the Government. This difference, allied to what appeared to be a developing linguistic split among the unions has tended to diminish the severity of the strikes.

Mr Martens will formally announce his package of spending cuts today, saying that they will reduce the public financing deficit to 7 per cent of gross national product by 1988 from 11 per cent.

Waldheim condemns crimes

MR Kurt Waldheim, the Austrian presidential candidate who is under attack for his role with Hitler's army, yesterday condemned Nazi crimes and urged fellow Austrians to fight anti-semitism, Reuter reports from Vienna.

In a major speech in his campaign for the election run-off on June 8, Mr Waldheim rejected as a smear campaign a series of revelations over his service with the German army during its Balkan campaign of 1942-44.

"Just because I so emphatically condemn what happened under the Nazi regime, I reject firmly the smears that have been directed against me and our people in the last few months," he told a rally in Vienna.

The former UN chief has been accused by the World Jewish Congress (WJC) and others of links with atrocities and deportation of Jews that took place in the Balkans while he served under General Alexander Loehr, later executed for war crimes.

Both Mr Waldheim and his Socialist rival for the presidency, Mr Kurt Steyrer, said the foreign accusations helped Mr Waldheim in the first round of the election by fanning Austrian chauvinism.

Mr Waldheim narrowly failed to win an overall majority and the latest opinion poll gives Mr Waldheim a six-point lead.

The main spokesman of the conservative People's Party, which supports Mr Waldheim, accused the WJC of pulling strings in the US Congress. The House of Representatives has called on Mr Edwin Meese, Attorney General, to speed up a decision on a recommendation to bar Mr Waldheim from the US.

Mr Waldheim, who had made no reference to his Balkan service in earlier accounts of his life, denies any involvement with atrocities and says he did not know of the Jewish transports.

In his speech yesterday, he said: "The Nazis caused immeasurable suffering for the Jews throughout Europe, and among our Jewish fellow citizens in Austria, from which many were forced to flee or were murdered in concentration camps."

Mr Waldheim said it was because of his condemnation of this that he so formly rejected the WJC and other charges.

He urged all Austrians to decisively reject what he called these "smears," and above all "not to tolerate any new anti-semitism in our country."

Mr Waldheim has said his name appeared on the papers of some Nazi organisations before the war because he associated himself with them to enable him to continue his studies, but he never joined the brownshirts or other Nazi groups.

Politicians of all parties have expressed fears of a growth of anti-Jewish sentiment and prominent members of the community, numbering about 10,000, have received piles of hate mail.

AMERICAN NEWS

US Steel plans to cut workforce by 15% this year

BY TERRY DODSWORTH IN NEW YORK

US STEEL, the leading steel producer in America, is planning further cost-cutting moves with a swingeing 15 per cent reduction in its salaried workforce by the end of this year.

The redundancy programme, announced amid gloomy forecasts for the US industry at the annual meeting of the American Iron and Steel Institute (AISI), will trim the group's white-collar staff by 1,800 from its present level of 12,500.

It follows a 60 per cent reduction in US Steel's white-collar workforce in the past four years, and will not affect the group's Marathon oil and gas subsidiary, which is conducting its own rationalisation programme.

US Steel's assault on salaried employee costs underlines the continued shake-out in the US steel industry, which has reduced its overall numbers of white-collar workers by a little over 51 per cent since 1951.

The industry has yet to experience any substantial improvement in operating results from President Ronald Reagan's programme to reduce steel imports to the country. In addition, despite the recent fall in the dollar, executives attending the AISI meeting say that steel prices have not yet begun to firm from the present levels at which most US companies find it difficult to make a profit.

Many of the executives accompanied their remarks with forecasts of substantial further plant closures in the US, with Dr Robert Boni, chairman of Armco, forecasting that further cuts of between 25 and 30 per cent in liquid steel-making would be required to pull the US industry back on to a sound footing.

Senior Drexel Burnham investment banker resigns

BY OUR NEW YORK CORRESPONDENT

MR ANTONIO GEBAUER, a senior Wall Street investment banker, has resigned from Drexel Burnham Lambert, the New York securities house, following inquiries into whether he made unauthorised withdrawals of $6m (£3.95m) from customer accounts at his former employer, Morgan Guaranty, in Brazil.

Morgan, generally regarded as one of the most tightly-run US banks, did not name Mr Gebauer, but said that internal investigations had indicated that certain unauthorised withdrawals may have been made.

Drexel Burnham has confirmed the resignation of Mr Gebauer and his lawer has indicated he will fight the accusations.

Mr Gebauer, who is 45 and a native of Venezuela, achieved some prominence in the international banking world as a senior vice president at Morgan specialising in Latin America. Four years ago, he was one of the main architects of an abortive plan to raise a substantial amount of funds from a number of world banks to prevent Brazil defaulting on its debt.

Mr Gebauer has been at Drexel Burnham, one of the fastest expanding New York banks, for a little less than a year.

US price index drops by 0.3% in April

By Stewart Fleming in Washington

PLUNGING OIL prices brought a third consecutive monthly decline in the US consumer price index in April, but many economists are warning that the decline is coming to an end.

The Commerce Department said consumer prices fell 0.3 per cent last month and that for the last three months prices have been falling at an annual rate of 4.3 per cent, the largest decrease since the three-month period ended in January 1949.

But with petrol and food prices recently showing signs of an upturn and with evidence that the decline in the dollar is leading to increases in prices for imported goods, many economists are warning that the underlying 3 per cent to 4 per cent annual pace of inflation which has been masked by oil price falls will re-emerge in coming months.

Mr William Griggs, partner in the New York economic consulting firm Griggs and Santow, said consumers are benefiting from earlier big drops in energy prices that are starting to level out.

"We're going to see a decidedly different price outlook in the second half of this year," Mr Griggs commented.

Separately, the Commerce Department reported that personal income in April rose a vigorous 1.2 per cent from a month earlier. The gain was largely due to a sharp increase in subsidy payments to farmers.

Personal consumption expenditures also increased only modestly, rising 0.3 per cent, continuing the sluggish trend in recent months and reinforcing the evidence of a US economy expanding at a lacklustre pace.

Chemical weapons face maze of conditions

BY REGINALD DALE, US EDITOR IN WASHINGTON

NATO'S formal approval of resumed chemical weapons production by the US, expected in Brussels today, is only one of a long series of conditions that must be fulfilled before the completed weapons can roll off the production line at Pine Bluff, Arkansas, in about 18 months' time.

The weapons opponent's in the US Congress, who erected the maze of conditions, are expected to do their utmost to reopen the issue at every stage, starting by questioning the strength of the allied commitment.

Supporters of the decision to resume production, after a gap of 17 years, believe that they can successfully defend the allied decision and the Administration role in bringing it about. It is widely appreciated on Capitol Hill how difficult politically it has been for some allied countries to go along with the US request, they say.

The next formal step in Washington is for President Ronald Reagan to certify to Congress that allied support has been obtained and that the US has drawn up a plan for deploying the weapons to defend US and allied troops in "appropriate contingencies."

That done, production of the weapons' components, for which Congress has already allocated $167m, can start from October 1. But the weapons cannot be finally assembled until after October 1 1987, and only then if further conditions are met.

The President must certify that in the meantime a ban on chemical weapons has not been negotiated in Geneva and give a range of safety guarantees covering the weapons' handling and storage.

The Administration must produce a plan providing for the weapons' two chemical components to be stored in separate US states and transported separately in peacetime. The two chemicals are harmless by themselves and only become lethal when mixed together on firing.

The President must also again certify that US national security justifies the resumption of production and produce a plan for the destruction of the existing ageing weapons that the new "binary" shells and bombs are to replace.

One of the Administration's main arguments for [illegible] production has been that the existing weapons, [illegible] US and West [illegible], are becoming dangerously [illegible]. The new weapons [illegible] kept in the US and [illegible] to Europe if war [illegible] threatened.

Once all these hurdles are surmounted, the army [illegible] it can produce the first [illegible] artillery shell by December of next year.

"The plant is in mothballs with plastic [illegible]," says an army spokesman, "[illegible] it's ready to go."

Bolivia nears IMF standby credit agreement

By Peter Montagnon, Euromarkets Correspondent

BOLIVIA IS close to an agreement with the International Monetary Fund on the terms of a one-year standby credit of around SDr 50m (£38.3m).

The deal could go before the board of the IMF next month, raising hopes that Bolivia will be able to negotiate a rescheduling of its $4.5bn (£2.96bn) foreign debt after halting interest payments to bank creditors for more than two years.

In addition Bolivia is seeking almost SDr 50m from the IMF's compensatory financing facility which provides loans to offset temporary loss of export receipts caused by falls in commodity prices.

Bolivia has still to sign a letter of intent on its economic policy to the IMF, but bankers believe the only remaining obstacles are minor and technical.

Shortly after taking office last August, President Victor Paz Estenssoro imposed a harsh austerity programme but has until now failed to win IMF support because of the failure of the Bolivian Congress to endorse budget cuts and tax reform.

US seeks to reassure Aquino

BY ALAIN CASS, ASIA EDITOR, IN WASHINGTON

MR GEORGE SHULTZ, US Secretary of State, is planning a speech within the next month which Administration officials hope will quell increasingly strident complaints by the Philippines that American support for the new Government in Manila is lukewarm.

The speech, likely to be delivered to a business audience in the US, will be largely devoted to reassuring the Government of President Corazon Aquino—a highly unusual step, but one which US officials feel is necessary given the growing strains between the two governments.

Mrs Aquino asked earlier this week in an interview: "What was America waiting for before throwing its full weight behind my Government?"

Although US officials insist that the Administration is supportive of Mrs Aquino, there is a clear division between the State Department and President Ronald Reagan, who is more reserved in his support.

Filipino officials are particularly concerned at what they regard as inadequate US economic support. Although the US recently announced a $605m (£398m) aid package to the Philippines, only $150m of that is new money.

US officials hope the Philippines will be reassured at a meeting of the country's major international creditors in Tokyo later this month. Offers of new aid worth over $400m are expected to be made at the meeting, although none of it will come from the US.

In return members of the consultative group for the Philippines hope to hear from the new Government its plans for rescuing the country's crisis-ridden economy.

While the international community appreciates the Government of Mrs Aquino came together in exceptional circumstances and has been in office for less than three months, there is some concern among creditors about the time it is taking for specific economic remedies to emerge.

The full consultative group meeting has already been postponed until later in the year, at the request of the Philippines, to give it time to formulate economic policy.

The meeting on May 29 will include representatives from the International Monetary Fund, World Bank, Asian Development Bank, the US, Japan, West Germany and Australia.

A critical stumbling block in the Philippines' efforts to raise new money and reschedule its debt is the delay in reaching agreement with the IMF on a new standby loan facility.

According to US officials the IMF is insisting on stringent expenditure cuts to deal with the yawning budget deficit.

The budget deficit for the first quarter of 1976 of $500m was almost as high as the shortfall for the whole of 1985. US estimates for 1986 point to a deficit of $1.7bn.

The Philippines' urgent need for money to tide the economy over, until growth resumes, has also led to strains with Japan. Mrs Aquino's Government is in trouble over her administration's insistence on pursuing enquiries into allegations that senior Japanese officials and politicians accepted bribes from Mr Ferdinand Marcos, the deposed President.

Japan has been conspicuously slow in announcing a detailed aid package for the Aquino Government which it may reveal at next week's Tokyo meeting.

Anti-government demonstrators injured in Chile

By [illegible] in Santiago

CHILEAN troops and riot police cordoned off a [illegible] area of central Santiago early yesterday and fired tear gas and buckshot at anti-government demonstrators near the site of an [illegible] parliamentary conference on democracy in Chile.

At least two people including a 19-year-old youth were wounded by gunfire and about 100 people were arrested.

Riot police continued to blockade the streets surrounding the conference site where Chilean opposition leaders were hosting a group of [illegible] Latin American and [illegible] legislators.

The National Labour Command, an umbrella group of opposition trade unions, attempted to hold a march near the conference site but were dispersed by soldiers and riot police. A group of [illegible] visiting legislators left the hotel to observe the march and were forced to leave when officials fired tear gas in their direction.

A series of terrorist bombings caused a massive blackout throughout the capital and interrupted electrical power along a 1,000-mile stretch of the country.

WORLD TRADE NEWS

Lufthansa ready to order long-range Boeing 747s

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

LUFTHANSA, the West German airline, is expected to announce today a firm order for six of the new longer-range version of the Boeing 747 Jumbo jet, the Series 400, worth about $800m, including spares, with options on a further nine aircraft.

If all the options are eventually converted into firm orders, the deal would be worth close to $2bn.

Designed to fly non-stop for distances of over 8,000 statute miles, the 747-400 will be able to fly non-stop between Tokyo and West Germany or other West European destinations, and non-stop from Hong Kong or Singapore to Europe.

So far, apart from Lufthansa, Boeing of the US has won firm orders for 30 of the new version of the 747, including 10 for Northwest Orient of the US, Singapore Airlines (14) and KLM of Holland (six).

All are long-haul airlines, with extensive route networks linking the Far East and South East Asia with the US and Western Europe, on which longer-range jet airliners have become increasingly significant.

The Series 400 Jumbo will carry payloads of more than 400 passengers on the longer distances, with substantial savings in fuel per passenger as a result of much advanced technology being built in, including new materials, electronic flight decks and aerodynamic refinements such as winglets (vertical extensions to the wing-tips).

Roll-out of the first 747-400 will be in early 1988, with delivery to airlines from late 1988.

● Singapore Airlines has ordered two Airbus A310-300 long-range aircraft and spares for $166m with options for more, Reuter writes from Singapore. The aircraft, to be delivered by March 1988, will join a fleet of six Airbus A310-200s bought in 1983 for $420m, the airline said.

SIA will exercise the option for more aircraft by December 1987. The airline last March placed a record $3.3bn order for 14 long-range Boeing 747 jets and options for another six.

Indonesian loan terms a hurdle for Britain

By Christian Tyler, Trade Editor

BRITISH HOPES of establishing a commercial foothold in Indonesia, seen as an important market in the long term, appear to have become bogged down in negotiations over terms for concessionary finance.

The UK government wants to make a soft loan to Indonesia of £100m or more to help companies bidding for project work, including railway construction, in the country.

But by presidential decree Indonesia is demanding loans at 3½ per cent over 25 years, with seven years' grace.

For Britain, lending in sterling, that would mean using more than double the amount of aid money than in normal in order to subsidise the credit, according to Department of Trade and Industry evidence to a parliamentary select committee yesterday.

Britain has offered to extend the credit in another, low interest rate, currency, but "the signs are not good," said Mr Chris Benjamin, head of the DTI's projects and export policy unit.

Other options, such as varying the other terms of the loan, will be put forward in the next round of discussions with Indonesian officials.

The terms of the presidential decree have been designed to suit Japan, Indonesia's chief aid donor and trade partner, as well as to reduce domestic expenditure, according to British officials.

Mr Benjamin told the Foreign Affairs Select Committee that few other countries would be able to meet the terms. Japan, which benefits from a low interest rate currency, has announced a $400m credit for next year and the US and Australia were also in negotiations.

Britain last week signed the first of its new soft loan agreements, a $300m facility for China at 5 per cent over 20 years. It is also in discussion with India, a long-standing beneficiary of UK aid, for a similar-sized package, either as a mixed credit of a soft loan.

SURVEY OF FOREIGN BUSINESS COMMUNITY

Companies 'overcharged' in China

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

THE FOREIGN business community in China is extremely dissatisfied with its treatment by the Chinese authorities. Foreign companies believe they are over charged for accommodation and staff, that services are poor and that they are subjected to arbitrary and excessive price increases without reasonable notice.

These are some of the findings of a major survey of trade with China conducted by Dr Nigel Campbell of Manchester Business School and published yesterday jointly with the University of Hong Kong.

The survey, carried out last autumn, involved 115 companies, 60 of which were Japanese, 25 from the US and 30 European.

Half of them reported that their business with China was growing at 20 per cent a year and the common fatcor these shared was that they had got into markets early and nursed their position for some years, often through economic troughs, building networks of contacts who trusted them.

Dr Campbell said yesterday that the more successful companies proved a general rule. "If you are going to trade with China you have got to stick in there and grin and bear the costs. You need to send some of your senior people because that is what the Chinese expect. It is not a market where young people will make much impact."

The cost of maintaining one person in Peking, however, was $200,000 in 1985, with price rises of between 40 and 50 per cent this year. Dr Campbell said that there was universal criticism that charges for accommodation and labour—both of which had to be bought from the Peking municipal authority—were subject to arbitrary increases. Transport and communications were poor.

Because of this the Chinese were risking pricing themselves out of some trade, although national attitudes among foreign companies differed. The Americans believed that unreasonable prices would reduce numbers of companies willing to set up offices there. European companies felt that rising costs would affect willingness to expand existing staff numbers.

The Japanese were notable for their longer view, being prepared to live with high costs and low profit margins so as to maximise market share in the long term.

This was already paying off: Japanese companies already had one-third of China's foreign trade, compared with British companies' 2-3 per cent. West Germany was doing twice as well as Britain, and France twice as badly. The British performance is, however, confused as a result of Dr Campbell not being able to split out British business done through Hong Kong.

Trading patterns may also have been affected by differing attitudes towards language skills. Only 40 per cent of European companies thought it important for their representatives to speak the appropriate Chinese language, compared with 60 per cent of US companies and 83 per cent of the Japanese.

Dr Campbell said that the research also showed that the most likely way to succeed was to market something that would generate foreign exchange in China.

Manufacturing was not necessarily likely to yield much return because of China's difficulties in finding the foreign exchange to pay for plant and know-how. Even though the plant might then save foreign exchange, the savings were made in some other part of the Chinese government's bureaucracy and did not filter through to benefit the foreign trading partner.

Service industries, however, were another matter. For example, hotels and tourist trade facilities would bring foreign exchange into the country and were welcomed enthusiastically.

The research, which the Universities of Manchester and Hong Kong, are marketing at £95 per copy, also carries a series of case studies which illustrate both pitfalls and benefits.

Upset at US machine tool move

BY OUR FOREIGN STAFF

THE European Community is likely to reject any US demand for voluntary restraint of its machine tool sales on the American market.

West Germany and Taiwan rejected angrily to the proposals while Japan appeared to accept the inevitability of the move.

President Reagan said on Tuesday that voluntary restraint agreements would be sought with Germany, Japan, Taiwan and Switzerland. He delayed for six months a decision on a demand for import quotas from the National Machine Tool Builders Association.

The Commission noted that the US manufacturers had returned to the argument that US national security would be endangered because the high level of imports would prevent them from reacting to military crises. This argument was advanced in 1983 and 1984.

West Germany: German Industry, with exports to the US last year at DM 840m ($375m), yesterday reacted angrily to President Reagan's call for voluntary restraint measures.

Dr Justus Furstenau, Secretary to the West German Machinery and Plant Manufacturers Association (VDMA) said negotiated restraint measures were "absolutely unacceptable."

A reduction to 1981 levels would involve a cut of some 50 per cent in West German exports, according to the VDMA.

"The American industry has lost market shares because of inferior standards, not German competition," he said.

Japan: "Voluntary export curbs on top of the strong yen will make Japanese export to the US extremely difficult," said Mr Jiro Makino, president of Makino Milling Machine.

Japan's export of machine tools to the US account for 20 per cent of total output, making the US the largest export market for the Japanese

An official of the Ministry of International Trade and Industry said it would hold negotiations with the US government. But Miti is trying to avoid any restraint by number, as in the case of cars. It is considering more moderate measures, such as export surveillance system

Taiwan—Government officials said they were studying the US request. Wang Cheng-Chin, general secretary of Taiwan's Association of Machinery Industry, said the request was "a shock."

US boost for Malaysian semiconductors

By Wong Sulong in Kuala Lumpur

US Electronic plants in Malaysia are to be expanded and upgraded to meet renewed demand from the world's semiconductor industry.

The Malaysian American Electronics Industry (MAEI) which represents the 13 US-owned electronic plants in Malaysia, said its members planned to invest 288m ringgit ($89m) this year, and another 1.6bn ringgit by 1990. Current investment at the 13 plants is estimated at 1.6bn ringgit in terms of fixed assets. Malaysia is the third largest producer of semiconductor components.

Mr D. J. Hill, managing director of National Semiconductor in Malaysia, and spokesman of MAEI, said: "The upturn in demand of semiconductors is due to a steady increase in economic activity, a steady consumption of inventory stocks and continuing growth and application of semiconductors consumption worldwide."

According to MAEI, the US book-to-bill ratio (the number of orders relative to deliveries) reached 1.15 in March, its highest point since July 1984.

Siemens wins Pakistan telephone contract

BY MOHAMMED AFTAB IN ISLAMABAD

SIEMENS, the West German telecommunication group, has won a contract which could be worth up to $145m, in face of tough competition from European and North American suppliers.

The project, which involves setting up digital telephone exchanges in Pakistan, will lead initially to the delivery of $22m in complete equipment.

The deals also includes the supply of components and spare parts for the next five years, research and development, and establishing software centres.

The direct delivery from West Germany comprises 50,000 local digital lines and 25,000 trunk or nationwide dialing lines.

The entire digital programme covers updating and expanding Pakistan's telecommunication systems, and the Siemen's contract is the first of more than 30 projects. The programme will cost $870m to $1bn to be funded by the World Bank and the Manila-based Asian Development Bank.

In the first two years, Siemens will supply digital telephone lines and exchanges from West Germany for installation.

During this period a new factory will be built to produce digital equipment in Pakistan with the Pakistan Government and Siemens sharing the equity. The total cost of the factory and equity sharing between Pakistan and Siemens has yet to be worked out.

The factory will make 100,000 local digital exchange lines, 20,000 trunk or nationwide dialling lines, and 10,000 PABX lines, a year, and attain 100 per cent capacity by 1990.

Siemens has indicated that it can take an equity stake of between 30 to 49 per cent

Krupp sugar project

Krupp Industrietechnik, part of the Krupp industrial group, won an DM 80m ($36m) order to build a complete sugar factory in Burundi, Krupp reported yesterday, AP-DJ writes from Essen.

UK NEWS

National Bus in £85m loss as sell-off prepared

BY TONY JACKSON

THE NATIONAL Bus Company (NBC) made net losses last year of £85.1m as a result of writedowns to prepare the group for privatisation. The group is to be sold off piecemeal in the course of this year.

Mr Rodney Lund, NBC's new chairman, said the results were due to "setting out the stall for privatisation."

Profits before interest were down 23 per cent at £32.8m, on sales up 7 per cent at £807m. Net losses after extraordinary charges came to £85.1m against a 1984 net profit of £22.1m.

Mr Nicholas Ridley, speaking as Transport Secretary, said yesterday that the Government would accept lower bids from NBC management than from outsiders. "The NBC will give preference to management or employee groups but will not expect this preference to exceed 5 per cent," he said.

Mr Lund said that management teams had expressed interest in buying virtually all of NBC's 71 subsidiaries. Outsiders had made inquiries on over 50. "We are beginning to talk turkey on a dozen or so and we should make our first sale in around a month," he said.

The group's net assets were £155m at end-1985, Mr Lund said. However, the deregulation of bus services due in October would require writedowns in the value of buses and property. The resulting net value would be nearer £100m.

The net loss of £85.1m was after extraordinary charges of £102.7m. The biggest item was deferred tax of £48m, which the group said would be chargeable to buyers of the various parts of the business in future years unless negotiated for in the selling price.

The next largest item was a £29m deficit in the pension fund. NBC said that since the last valuation the rise in the stock market had effectively wiped out the deficit.

Yesterday's statement underlined the unusual extent to which the NBC sale conforms to government ideology on privatisation. The insistance on splitting up the group, the deregulation of bus routes and the preference given to management buy-outs combine to reduce the value of the sale in the interests of competition and employee ownership.

Mr Lund said: "I am charged to dispose of this business in a way which will sustain fair competition. There may be companies to which we will not sell businesses, because we may believe they have other than competitive motives, such as property development or bringing back a regional monopoly. We are not simply out to maximise return."

Action urged to stop state school decline

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE INDEPENDENT educational inspectorate yesterday told the Government and local authorities to stop blaming one another for the decay of state education and start taking co-ordinated action to improve it.

The inspectors' message came in their latest "snapshot" report on schools and non-university colleges run by English local authorities, which indicates that overall conditions in 1985 deteriorated from the already unsatisfactory level of the year before and are liable to worsen.

The report says that few involved in education can take pride in a national system where:

- Almost a third of the lessons seen by the inspectors were unsatisfactory.
- A fifth were adversely affected by poor accommodation.
- A quarter were suffering from shortages of equipment.
- Three fifths of the schools assessed had teachers unable adequately to understand and cater for their pupils' needs and potentials.
- Half the schools needed to widen their range of teaching styles to get a better match between methods used and the content of the lessons.

While the report attributes much of the decay to bad management of manpower and materials, as well as of money, by many of the 97 local education authorities in England, it also blames the cuts in educational spending imposed by Mrs Margaret Thatcher's Government.

The central funds available are now often too small for local authorities to be able to arrest the deterioration, no matter how well they manage the money at their disposal, the inspectors say.

"There is a statistically significant association between satisfactory or better levels of appropriate resources and work of sound quality, and between unsatisfactory levels of resources and poor quality work."

The main victims are children whose abilities run in directions other than the academic – whose cause Sir Keith Joseph, the retiring Education Secretary, promised to champion when he took up the post in 1981.

Such children's educational prospects tend to suffer even more if they come from poor areas, because increasing numbers of schools are dependent even for basic resources on voluntary contributions from parents.

For example, in one of the 2,000-plus schools and colleges visited by the inspectors last autumn, "pupils studying physics in the fourth year were encouraged to buy their own textbook; pupils who had been unable to do this had to rely on duplicated notes and were at a disadvantage."

In another school, "the whole of the first floor was rewired using the funds provided by parents." But in a third, unable to obtain the money for repairs, "there was raw sewage in the drainage gulleys surrounding the gymnasium."

Peter Riddell and Michael Cassell profile the main figures in yesterday's ministerial reshuffle

Initiative test set for the new Education Secretary

MR KENNETH BAKER, could not hide his pleasure yesterday afternoon when, during his farewell House of Commons questions as Environment Secretary he was prematurely congratulated on his move. He has wanted to be Education Secretary for some time and now has the opportunity, in one of the most sensitive positions in the Cabinet, to establish himself as a possible contender for the eventual succession to Mrs Margaret Thatcher.

His elation was no doubt mixed with relief by his move from the Department of the Environment, where he faced several tricky problems. Yet Mr Baker, who is 52, has, throughout his career, been lucky in his moves: holding three different parliamentary seats and being rescued by Mrs Thatcher from a long exile as an aide to Mr Edward Heath, the former Prime Minister.

The question mark about Mr Baker has, however, always been whether behind the urbanity and ambition there is sufficient toughness and decisiveness. Whether, in short, he is an initiator as well as a good salesman.

With a solidly middle-class professional background he was an industrial manager before entering the Commons in 1968 at Acton in west London.

He lost that seat at the 1970 election, and then with a stroke of good fortune he was picked for the safe seat of St Marylebone when after the general election a by-election was caused by Lord Hailsham becoming Lord Chancellor. He held the seat until 1983 when boundary changes eliminated the constituency and he moved to Mole Valley in Surrey.

More recently Mr Baker has had the delicate task of leading the government's counter-offensive on nuclear safety after the Chernobyl disaster. At times he has had to announce new precautions off the cuff, gaining colleagues' support afterwards.

However, even before moving to

Kenneth Baker: Viewed as Thatcher successor

environment, Mr Baker made no secret of his desire to become Education Secretary. He has had a long interest in the subject, conducting an inquiry into the future of education in London.

Given his knowledge of local government and record as a good debater and public performer, he was an obvious candidate to succeed Sir Keith.

Nicholas Ridley

IT HAS TAKEN Mr Nicholas Ridley, aged 57, the aristocratic radical this week branded in the House of Commons as "an old Etonian twerp," nearly 35 years to become an overnight political success.

His appointment as Environment Secretary represents the latest forward step for the Eton and Balliol man who has long walked the corridors of Westminster, but whose political ambition has only flowered since managing to catch Mrs Thatcher's eye.

Mr Ridley won the parliamentary seat for Cirencester, Gloucestershire, in 1959, having been badly beaten four years earlier by Mr Alf, later Lord, Robens, in Blyth, the town his family virtually owned.

He held a series of junior spokesmen jobs and in 1972 resigned as a junior trade and industry minister from Mr Ted Heath's increasingly interventionist Government.

One of Mrs Thatcher's most faithful supporters, he came out of exile in 1979 when the Tories returned to power. At first, he had to content himself with a junior job at the Foreign Office and then moved on to a brief stint at the Treasury as Financial Secretary.

His elevation to the Cabinet came in October 1983 with the resignation of Mr Cecil Parkinson and Mrs Thatcher's decision to put him into the Department of Transport as a staunch supporter whose commitment to pushing through legislative measures designed to revolutionise the country's transport systems would be unquestioning.

Mr Ridley's hard-line Thatcherite stance has inevitably ensured that he is not without critics among his own ranks. Some colleagues believe he is too much the old Etonian to help to promote the ideals and ambitions of the new Conservative Party and the rumour that he could have been made Education Secretary filled some Conservative MPs with undisguised horror.

The younger son of the third Viscount Ridley and grandson of Edwin Lutyens, arguably Britain's greatest architect since Sir Christopher Wren, Mr Ridley has his own political blueprint. An unrepentent champion of market forces, a non-interventionist and an outspoken supporter of privatisation (he draws the line at the railways and the coal industry), he leaves behind him at the Department of Transport a series of statutes as evidence of his short but effective tenure.

The Transport Secretary has not had an easy ride. He was forced to abandon the Civil Aviation Bill, which would have enabled the Government to impose limits on aircraft movements at UK airports and, more recently, he has run into trouble with Tory backbenchers over the Airports Bill, which will

Nicholas Ridley: Flowering political ambition

privatise the British Airports Authority.

Long-standing plans for the privatisation of British Airways have also been repeatedly stalled, although Mr Ridley recently reaffirmed his intention to carry out the plan in the current financial year.

Perhaps one of Mr Ridley's most controversial legacies will be the deregulation and privatisation of Britain's bus industry.

The policy has been used by the opposition parties as a classic illustration of "uncaring capitalism" and has left many Conservative MPs worried, not least because of the apparent impact which the issue had on the recent by-elections.

JOHN MOORE

MR JOHN MOORE, has been knocking on the door of the Cabinet for some time. The only question has been when and in what post.

So his appointment yesterday as Transport Secretary is no surprise, especially given his commitment to privatisation in a department where that is a major feature.

Mr Moore has been a "coming man" for some time, often mentioned as a possible next party leader but two. Indeed, if the Thatcherite approach is to be maintained post Thatcher, Mr Moore, now aged 48, will be a key figure. Most of his contemporaries in the lower ranks of the Cabinet or just outside, are distinctly more moderate, or more in the traditional Tory approach.

Mr Moore is, however, by background and views, very much Mrs Thatcher's type of self-made politician. The son of a public house manager and educated at the London School of Economics, he worked as a stockbroker and banker, heading the British side of US investment banker Dean Whitter, before entering the Commons for Croydon Central in February, 1974.

His approach has always been high profile – in part reflecting his experience in Chicago politics in the early 1960s, as well as his use of the assets of a youthful appearance, good looks and energy. He is one of those campaigners who tend to run around streets.

In Parliament, he quickly made a mark as a liberal on social issues and is a strong free marketeer on the economy. He soon became a vice chairman of the Conservative Party responsible for youth and voluntary organisations.

After 1979 he had four years apprenticeship as an Under-secretary in the Department of Energy responsible for coal and, later also, nuclear power. Towards the end of this period he made no secret of his frustration and desire for a move.

After the 1983 general election he shifted across to the Treasury with Mr Nigel Lawson, initially as Economic Secretary and then as Financial Secretary. There he has made his mark as co-ordinator of the privatisation programme as well as being responsible in detail for many of the major reforms in direct taxes introduced since 1983.

A series of speeches on privatisation has set the direction of a major plank in the government's programme. He has emphasised its virtues in increasing efficiency and in helping to spread share ownership.

Throughout seven years in office

John Moore: experience in Chicago politics

no one has questioned Mr Moore's appetite for work and commitment. Yet he has never been particularly popular with many colleagues. Some Tories have felt that his charm and smoothness have been rather too good to be true, and he has been a little too pleased with himself. This can of course be dismissed as the usual politicians' jealousy of his success, which is undoubted.

Mr Moore will, however, need to display considerable political sensitivity in his new job where he will be dealing with the difficulties over North Atlantic air traffic talks with the US and with the delay in British Airways privatisation. Also on the agenda will be the implementation of the privatisation of the British Airports Authority, the development of airports and the row over British Rail redundancies.

Above all, there are the big legislative complications over the channel fixed link Bill – about which, incidentally, he had reservations in the mid-1970s when an earlier set of proposals threatened that the link would end in his constituency. Overall, he now has the chance to establish himself as one of the future leaders of his party in the 1990s.

Print dispute moves closer to resolution

By Philip Bassett

NEWS International's bitter and protracted dispute with the print unions over its Wapping printing plant in east London appears to be moving towards a resolution. The prospect is looming of make-or-break negotiations

Print union leaders are expected to meet this afternoon. They will hear any preliminary findings of an investigation into the viability of parte of NI's offer which is being carried out by Mr Frank Barlow, chief executive of the Financial Times. They will also try to agree common ground for a final approach to NI before the expiry of its May 30 deadline on its offer of its old Grays Inn Road printing works in central London, plus £15m compensation for some of the company's 5,500 ex-employees.

Union leaders now acknowledge that if the May 30 deadline is not met, the company intends to establish a trust fund for compensation payments and write at home to all ex-employees, inviting them to apply for the money.

UK NEWS

NATIONAL INSTITUTE FORECASTS EFFECT OF OIL PRICE FALL

World output 'likely to accelerate'

BY GEORGE GRAHAM

THE RECENT fall in oil prices may be of a similar size to the oil price rises of the 1970s, but its effects will not be symmetrical, the independent National Institute of Economic and Social Research argues in its appraisal of the world economy, published yesterday.

"Growth in world output and trade is likely to be accelerated, but in our view there are not the makings of a rapid cumulative expansion," the institute says.

	HOME ECONOMY						WORLD ECONOMY (OECD COUNTRIES)		
	Real GDP % (Output measure)	Manufacturing output %	Unemployment (fourth quarter)	Retail price index %	Current balance (£bn)	PSBR (£bn)	Real GDP %	Consumer prices %	World trade %
1984	2.1	3.9	3.08m	4.8	0.9	10.1	4.4	5.2	9½
1985	3.4	3.1	3.13m	5.5	3.0	5.9	2.7	4.5	3
1986	1.9	0.7	3.08m	2.8	0.1	6.7	3.1	3.1	4½
1987	1.7	1.8	2.92m	3.5	-2.2	9.6	3.5	3.2	5½

As their current balances move increasingly into deficit after the fall in oil prices, the member-states of the Organisation of Petroleum Exporting Countries (Opec) might be quicker to cut their imports than they were to raise them after oil prices rose. Industrial countries may also be slower to ease policies than they were to tighten them in 1974 and 1980.

The institute says there appears to have been little economic growth in the industrial countries in the early months of the year. Output was held back in Western Europe by severe weather and in Japan by the impact on exports of the rapid appreciation of the yen. In North America the main initial effect of the collapse of world oil prices appears to have been to depress activity in the oil industry.

The influence of cheaper oil has quickly permeated to consumer prices throughout the Organisation for Economic Co-operation and Development (OECD) area. The institute now expects OECD inflation to average little more than 3 per cent this year and next.

Lower inflation should stimulate consumption, contributing to growth in gross domestic product forecast at about 3 per cent in 1986 and at 3½ per cent in 1987.

This faster growth is likely to bring some upward drift in prices both of oil and of other commodities, the institute suggests. Even so, the industrial countries collectively should enjoy greatly improved terms of trade this year and next, at the expense of the oil producers in particular.

Because of the fall in the dollar, which the institute expects to continue for some while although at a slower pace, the US will probably not share in these gains, while Japan is likely to be the biggest beneficiary.

The imbalance in trade between the US on the one hand and Japan and Western Europe on the other is therefore likely to widen, this year at at least.

● Latest available evidence on world trade and finance confirms that developing countries remain in a vicious circle of low output, investment and expectations, Walter Ellis writes.

Latin America, however, is likely to be an early beneficiary from the fall in oil prices and should stage a sharp recovery in its ability to service its international debt.

A paper in the National Institute report on the future for non-oil developing countries, written by Mrs Sheila Page of the Overseas Development Institute, notes that last year there was a fall in exports of primary commodities from developing countries coupled with a below-average rise in their exports of manufactured goods.

The loss of market share in manufactures — particularly the poor performance of even the Asian countries — suggests that the growth in protectionism over the last decade may be having a significant effect.

Overall output from developing countries has shown little increase since 1980. The paper argues that there has been a decline in medium-term potential because of the prolonged period of low investment.

Mrs Page expects a revival of demand for primary commodities after the effect on industrial countries of the fall in oil prices. There should, she says, also be a reversal this year of the decline in the developing countries' terms of trade. Commodity prices would rise more rapidly, while import prices of manufactures would benefit from lower inflation in the industrial countries.

While countries exporting raw materials should benefit, greater economic gains are forecast for countries trading in manufactures.

National Institute Economic Review, £45 a year, 2 Dean Trench Street, Smith Square, London SW1P 3HE.

Coalfields will lose over 2,000 jobs

BY MAURICE SAMUELSON

TWO THOUSAND jobs are to be shed in the South Yorkshire coalfield this year, despite claims that it is showing the mining industry's best performance levels.

The reduction in the area's workforce from 18,000 to 16,000 will be achieved by voluntary redundancies and natural wastage, its area director, Mr Harold Taylor, said in Doncaster yesterday.

They are among a total of 10,000-20,000 jobs which the National Coal Board (NCB) is expected to shed in the present financial year.

On Monday the South Wales Coal Board said 470 jobs would go with the closure of engineering workshops and stores no longer needed because of the contraction of the industry.

Only one proposed closure is involved in the South Yorkshire redundancies. This is at Cadeby Colliery, employing more than 300 men, where coal production will cease this week.

An unspecified number of redundancies are also expected in the North Yorkshire coalfield, which has 20,000 men on its books and where three pits are at present in the closure review procedure.

Lisa Wood writes: Boots, the Nottingham-based retailing and pharmaceuticals group is cutting about 450 jobs as part of a company shake-up. Most of the redundancies will occur in the group's manufacturing activities in the Nottingham area.

The company employs more than 11,000 people, and proposes to make fundamental changes to organisation of its retail outlets.

It has been refurbishing many of its retail stores and introducing specialist "shops within shops"

Brel looks overseas as it changes role

BY ANDREW FISHER, TRANSPORT CORRESPONDENT

THE 1980s are proving to be a decade of axe-wielding at British Rail Engineering (Brel), a company which has seen the whole basis of its operations change dramatically in a short time.

The British Rail (BR) subsidiary is aiming to become more innovative, efficient and international, having been forced to adjust to the dwindling repair needs of its parent. As trains, coaches and equipment are better designed and built, they need less maintenance. Thus, the brunt of swingeing job cuts has fallen on the repair side rather than on the manufacturing plants.

On Tuesday, Brel shocked unions by announcing that between 4,200 and 5,000 more jobs would have to go by 1989, on top of 1,750 already announced. This will cut the workforce to 17,000 or fewer, compared with 35,000 in 1981.

"Why this constant stream of redundancies?" asked Mr Philip Norman, 56, chairman of Brel, at its Derby headquarters yesterday.

For one thing, he said, modern methods and materials meant that 30 per cent fewer man hours were needed to build suburban trains than in the late 1970s. For another, their lower maintenance needs cut the repair workload drastically. Fewer trains were thus needed to cover the same routes.

Mr Norman pointed out that Brel's role had been changing fast. In the late 1950s, there had been 60,000 workers at 32 sites. In the 1960s, as steam engines were replaced by diesels and newer coaches were introduced, Brel had far too much capacity.

By the end of that decade, it was down to 16 works and about 36,000 employees. This level of jobs continued through the 1970s. Complaints became rife within BR and outside that Brel had become too complacent and too slow.

Since the period of heavy job cuts began in 1981, Brel has looked increasingly to export markets, as well as competing fiercely with UK rivals such as GEC, Hawker Siddeley and Metro-Cammell for BR's orders.

It was disappointed last November to win only about half of a £182m order by BR to build trains for suburban and cross-London routes.

BR has also been looking overseas for suppliers. The fact that Brel no longer has matters all its own way under the new competitive tendering policy has led to a sharp switch in its approach.

Its overseas thrust was boosted last weekend by news of a £5m order from China to design and supply three prototypes based on its high technology international coach and to help to modernise a local plant.

The order could yield more work for Brel both in the Chinese market and, in collaboration with China, in south-east Asia. Brel is pursuing similar deals in Mexico, India and (looking much further ahead) in the Soviet Union.

It is also poised to win a £8.5m order in Thailand, the first export contract for the low-cost, low-fuel consumption Railbus which it builds with Leyland Bus (part of BL). The Railbus is basically a bus body on a rail chassis. BR has ordered these trains for commuter routes and Brel hopes that the small Thai order will lead to more business in Malaysia, Indonesia and North America.

"We want to make exports more central to our business," said Mr Norman.

Eventually, the basic repair business will be absorbed by BR, leaving Brel with the larger new construction and heavy repair and rebuild business, mainly at Crewe, Derby and York.

Unions charged that the latest redundancies were a prelude to privatisation for Brel. Mr Norman said this was an option being considered but not decision had yet been taken. He said Brel had to slim drastically to compete with other railway equipment builders in the UK and overseas.

"We want our products to be front-line products for the major railways," he said. Brel is also aiming for a share of the estimated £800m of rail and rail shuttle orders expected to result from the Channel tunnel between England and France in the 1990s.

PLANS to ballot Brel workers on industrial action over its job cuts were backed yesterday by the Confederation of Shipbuilding and Engineering Unions.

A meeting of the confederation's railway sub-committee agreed to seek authorisation of the organisation's executive committee, due to meet on June 5, to go ahead with a ballot on industrial action.

The sub-committee also called for a joint delegate conference with the National Union of Railwaymen (NUR), which had already threatened a ballot on action.

هكذا من الأصل

UK NEWS

Electronics groups 'may face defence squeeze'

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

DESPITE the overall decline in British defence expenditure in real terms over the next three years, spending on defence electronics is expected to continue to rise.

However, the value-for-money policies now being applied rigorously by the Ministry of Defence are likely to create difficulties for some contractors leading to takeovers and mergers in the electronics sector over the next few years.

These are the broad conclusions of a special study into defence electronics by Wood Mackenzie and Co, the stockbrokers, which is published today.

The study points out that the Ministry of Defence (MoD) accounts for about 20 per cent of the output of the UK electronics industry, which took 21 per cent of the whole equipment budget in 1979-80 compared with the 30 per cent planned for 1986-87.

The MoD's purchases from the sector as a whole rose by 8 per cent last year and are planned to rise by 4 per cent this year, although certain sectors will achieve above-average growth. These include naval weapons systems and air electronic equipment, both of which are set to rise by 14 per cent in 1986-87.

Wood Mackenzie sees the rising spending on electronics as part of a continuing trend. More money is being spent, for example, on equipping ships with the most modern communications equipment and weapons systems than is going on building ships hulls.

However, changes in the previously cosy relationship between the MoD and its defence contractors is turning the defence electronics industry into an area of "high risk and high reward" Wood Mackenzie believes.

The general application of the fixed-price contract by the MoD clearly favoured the more efficient innovative and better-managed contractors at the expense of their weaker competitors, who could well find themselves the subject of takeover or mergers as the competition policies continued to bite.

Forces suffering a brain drain

BY OUR DEFENCE CORRESPONDENT

BRITAIN'S ARMED services chiefs are worried at the rate at which men in key specialist areas are leaving the forces, but they believe the situation is not near the crisis levels reached in 1979.

They are also concerned about the effects that the planned decline in defence spending may have on military programmes, but they do not seem to believe that this, either, has reached a critical stage.

General Sir Nigel Bagnall, chief of the General Staff, told the all-party House of Commons defence committee yesterday that the army was losing about 5 per cent of its officer strength in voluntary retirement. Men with specialist skills were being headhunted out of the services, he said.

The committee, which has been taking evidence after publication of the defence White Paper (policy document) last week, heard of a similar situation in the air force from its chief, Air Chief Marshal Sir David Craig, where shortages of skilled ground crew existed. Admiral Jeremy Black, assistant chief of naval staff, said that losses of specialist naval ratings had been acute.

The chiefs said that the problem of trying to match the declining resources available for defence with the commitments of the armed services would be one of their biggest problems over the next year.

They were not, however, questioned by MPs in any detail on the impact on military programmes of that decline, now acknowledged by the defence ministry as some 6 per cent in real terms up to 1988-89.

Lords committee urges end to frontier controls within EEC

BY CLIVE WOLMAN

FRONTIER controls within the European Economic Community should be abolished and the possibilities for smuggling reduced by ensuring that the rates of value-added tax (VAT) and excise duties in member states were broadly similar, a parliamentary committee has recommended.

A report published today by the House of Lords select committee on the European Communities supports the establishment of a clearing house system to allow outstanding balances of VAT between member states to be settled without the need for frontier controls.

This proposal was included in a policy statement published last June by the EEC Commission which discussed ways of removing frontier controls and achieving the free movement of goods, services, capital and people within the EEC by 1992.

The report of the 11 member Lords committee, which took evidence from 26 individuals and organisations, endorses the Commission's arguments. It estimates that the commercial and administrative costs of internal frontier controls within the EEC come to about £7bn a year, or 4 per cent of the total value of trade between member states.

The committee disagrees with the Commission's view that any measure short of the abolition of frontiers would be of little value. The committee believes that abolition is unlikely to be achieved by the Commission's 1992 deadline and it suggests a number of interim measures to simplify border formalities.

The Commission proposed that importers should pay the same rate of VAT on goods imported from another EEC country as do ordinary purchasers in that country. The importers would then reclaim the VAT from their own government. A clearing house would be established to settle outstanding balances

The Dutch Government has indicated that it would demand a clearing house system which recorded every individual transaction of cross-border traders. The Lords committee argues that such a system would be "unacceptably complicated." The system must involve only the settlement of net balances between states, it says. But a high degree of trust and co-operation must be established between different tax authorities.

Another requirement arising from uncontrolled frontiers is that the rates of VAT and excise duties on similar goods must be sufficiently close to prevent traders buying goods in a low-rate country and selling them in a high-rate one.

House of Lords select committee on the European Communities, Indirect Taxation and the Internal Market, HL 127, HMSO, £9.10.

Hurd condemns defence of IRA

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MR DOUGLAS HURD, the Home Secretary, yesterday criticised the remarks of Mr Ken Livingstone, the former leader of the Greater London Council and prospective parliamentary candidate for Brent East in London, describing IRA terrorists as "freedom fighters."

Mr Hurd has written to Mr Neil Kinnock, the Labour Party leader, asking him to repudiate Mr Livingstone's comments, made last week while he was in the Netherlands, where the UK Government is attemping to win extradition orders against Mr Brendan McFarlane and Mr Gerard Kelly. They escaped from the Maze prison in Northern Ireland after being convicted of terrorist offences.

The Home Secretary said that Mr Livingstone's remarks might have lessened the prospect of the UK Government being able to obtain extradition orders against the two men. He added: "It appears that Mr Livingstone believes that those who slaughter and maim our fellow British citizens in Northern Ireland should, if they can evade capture in this country, escape punishment." The remarks were "deeply insulting to those who had suffered at the hands of terrorists.

Mr Kinnock's private office is writing to Mr Hurd, pointing out that the Labour leader had immediately responded to Mr Livingstone's speech, writing to him to condemn the remarks.

There was, Mr Kinnock said, a clear distinction between liberation fighters, who resort to arms when there is no other means of resisting oppression, and terrorists, who use violence to pursue causes when other means of making their case were available.

Michael Donne examines efforts to revive flagging airline traffic

Turbulence over the North Atlantic

BRITISH AIRWAYS' unprecedented decision to give away 5,600 seats on its North Atlantic routes between the US and UK next month indicates how far it is prepared to go to protect its position in what is already a bitter fight for business in a depressed market.

The North Atlantic's problems are not only those of unwillingness on the part of US tourists to visit Europe because of fears of terrorism. That is a comparatively recent development. Difficulties began to emerge on the route some time ago as a result of a weakening dollar and an intensification of competition.

More than 40 scheduled airlines fly between North American and Western European points, and 14 alone between the US and UK. The International Air Transport Association (IATA) points out that last year there were more than 30.95m seats on the North Atlantic, or 12.6 per cent more than in 1984, but only 20.96m passengers, a rise of 7.6 per cent.

That left 10m seats empty, equivalent to about 70 400-seater Boeing 747 jets flying empty across the North Atlantic every day.

This situation has prevailed into 1986. In the first two months of the year there were more than 4.1m seats available, up 14 per cent, with nearly 2.26m passengers, up only 6.2 per cent. The situation worsened further in the spring, with additional capacity being added both to Western European and UK cities.

As a result, load factors (the proportion of seats filled) have fallen. They were down 4.2 per cent to 55 per cent in the first two months and further in spring.

This expansion of capacity and fall in load factors would have been serious enough without the addition of terrorist fears and the weaker dollar, to depress traffic.

The effect on the airlines has been serious. BA says that in the first six weeks of the present year (from April 1), its passenger loads throughout the network are down 4 per cent, with revenues down 11 per cent.

The North Atlantic has been worst hit, with passenger numbers down 18 per cent and the load factor down to 50 per cent, although traffic on other routes have also shown falls (Southern routes to Africa down 9 per cent, Middle East/India down 7 per cent, Far East down 2 per cent and Europe down 4 per cent). Only Australasian and UK domestic traffic is up, by 2 per cent and 5 per cent respectively.

BA also had a rough winter, with bad weather, fleet problems, currency and exchange rate difficulties and lower traffic.

As a result, in the second half of the 1985-86 financial year the airline just broke even, its full year's pre-tax profit of £183m, effectively having been earned last summer, when the airline had an operating surplus of £205m.

This heavy emphasis on summer earnings to pull the airline through the lean winter months and generate profits explains the speed with which the airline has moved to redress the problems now emerging on the North Atlantic, where it earns about a quarter of its revenues.

Staff review

But the measures now being taken, although concentrated on the North Atlantic, with the seat giveaway and other glamorous prizes as inducements to travel, will also affect the rest of its route network.

Recruitment is being frozen and staff numbers reviewed. There is no guarantee that there will not be redundancies later if things do not get better. Some scheduled flights are also being combined to avoid carrying uneconomic loads.

BA appears to have fared rather better, so far, than British Caledonian, BCal, its independent rival. BCal has been obliged to announce 1,000 voluntary redundancies, with cuts of 7 per cent in capacity and the closure of some sales offices.

BCal has also suffered more widely throughout its route network, with difficulties in Libya after the bombing of that country by the US, Nigeria, and Saudi Arabia, as well as on the North Atlantic.

Within the last few days, BA has reported signs of an improving forward booking trend, and it is possible that this might gather strength as fears of terrorism fade, unless there is another incident somewhere to revive them.

Even so, BA says the overall position is still worse than at this time last year, and that its measures to redress the situation will go ahead vigorously.

As Lord King, the chairman, has pointed out, while BA is not prepared to echo "the despondancy emanating from some quarters, or predict doom for the 1986 summer season, nevertheless it is prudent that we should respond to existing problems."

Even if things do get a little better this summer, the long-term problem of over-capacity on the North Atlantic seems likely to persist, unless some tough Government action is taken to prevent it.

The airlines, operating in a fiercely competitive market, and well aware of the financial consequences of putting too many seats on the route, have so far failed to exercise any adequate curbs on themselves.

Competition

The UK Government earlier this year expressed concern at the situation, and especially at the possibility of US airlines dumping seats on the North Atlantic, supported by their vast home market.

Although the UK espouses the principle of increased competition, it believes that competition ought to be fair and that because of severe limitations imposed on UK airlines in serving the US home market, they are already at a disadvantage compared to their US rivals.

At present, capacity on the North Atlantic is governed by Annex Two of the Bermuda Two Anglo-US air agreement. The UK wants this Annex revised when it expires in July, with sufficient tightening up to prevent seat dumping without restricting reasonable competition.

Discussions so far on this matter have been unproductive. The US Department of Transport does not want Annex Two renewed and believes that if the UK is unsatisfied about any aspect of Bermuda Two, it should seek a renegotiation of the treaty, not just those parts with which it is unhappy.

The US also points out that Annex Two governs capacity regulation, and that it would be impossible to build into a revised annex such other things as immunity from US anti-trust laws that the UK wants to see.

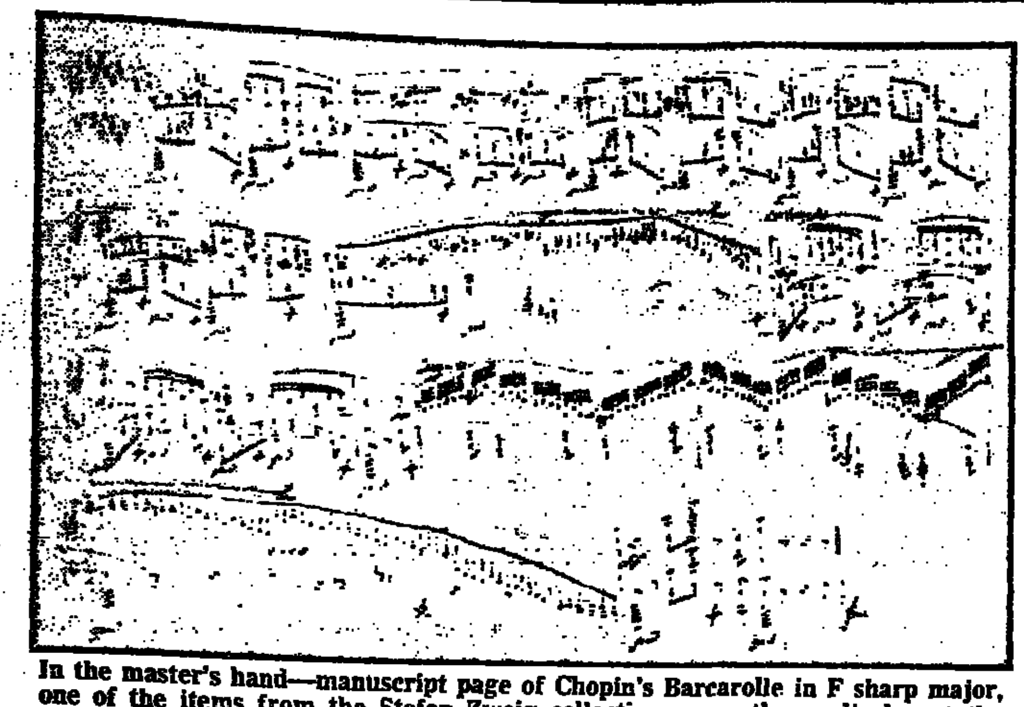
The US also, has no intention of backing down on its desire for increased competition on the North Atlantic, covering both the UK and the rest of Western Europe.

If Annex Two is not renewed in July, the battle for traffic on the North Atlantic could get worse, with more US airlines seeking to fly to the UK and using it as a springboard into Western Europe.

In such a situation, BA and BCal, and the even smaller Virgin Atlantic, could find themselves confronted with far more severe difficulties than they have seen to date, even if fears of terrorism do fade, and the dollar strengthens enough to encourage traffic to return to the route.

[redacted]

THE ARTS



In the master's hand—manuscript page of Chopin's Barcarolle in F sharp major, one of the items from the Stefan Zweig collection currently on display at the British Library

Exhibitions/Patricia Morison

Hands of the visionary

One of the most remarkable and generous gifts to have been made to the British Library this century is celebrated in a new exhibition, *Musical and Literary Autographs from the Stefan Zweig Collection* (Great Russell Street; until June 29). Stefan Zweig was an Austrian Jewish writer whose commitment to pacifism and vision of European culture as diverse and yet essentially one, led to his suicide in Brazil in 1942. That vision also proved inspirational in Zweig's passion for collecting autograph manuscripts. Among the 180 manuscripts in the Zweig collection are the most famous, and some of the most infamous, names in modern European culture. This exhibition shows about a third of the manuscripts; from Handel to Hitler, Robespierre to Rimbaud, and Baudelaire to Berg.

Mozart manuscripts are the gems of the collection, among which the most prized is the *Verzeichniss*, a little register in which Mozart inscribed the dates of all his major compositions from February 1784 to November 1791, with the chief themes. A brush with death, when Mozart fell seriously ill, may have prompted him to start this record of his achievements, and death cut it short. Among the other Mozartiana there is a mildly naughty doodle to his female cousin, the horn concerto, and the string quintet in E flat. Together with the library's 10 last Quartets, this makes an exceptionally rich holding.

Beethoven is memorably present in a notebook, open at the page where he records paying Haydn 8 *grosschen* for lessons. Two sketches show Beethoven on his deathbed, one only the quickest impression snatched before Beethoven's friends protested at the artist's indelicacy, the other apparently worked up later. The popular classics end of the range is represented by Schubert's *An die Musik*, Chopin's Barcarolle in F sharp Major (how beautifully the runs arch across the page), and Ravel's *Boleto*.

Zweig sought out manuscripts showing the artist caught up in the creative process; Mahler chopping and changing in the middle of *Uhrlicht*, and Stravinsky sorting out his thoughts on *Pulcinella* with a fat blue pencil. Proofs of a Balzac novel are corrected with such explosive energy that, as Zweig said, "every page is a battlefield," and a present-day publisher would fall in a faint. To judge from the items on view, Zweig shared with many Continental intellectuals the view that England was a literary but not a musical culture, with autographs of works by Pope, Keats and Wilde.

As for Wagner's score of *Rule Britannia*, an overture intended to go with one entitled *Napoleon*, it is to be hoped that Wagnerians can hear it at the concerts mooted for this autumn to mark the Zweig gift. Meanwhile, this is an exhibition to be savoured, and as one pores over Rimbaud's poems, in the neat schoolboy hand, or Hermann Hesse's charming watercolours, something can be shared of Stefan Zweig's vision of Europe.

Double Double/Watford Palace

Michael Coveney

There is nothing like a good new thriller, and this piece of murderous hokum is indeed nothing like a good new thriller. I must temper such a remark of unwarranted rudery by reporting that co-author Roger Rees (his partner in crime is American actor Eric Elice) has at least manufactured a showy vehicle for his stage persona, and that he is most ably and indeed delightfully abetted by Jane Lapotaire in a production by Leon Rubin that could hardly be improved. The tension never sags. But nor, on the other hand, do the sags ever tense.

This is a problem with thrillers. They demand the audience's attention to narrative line and then heedlessly abuse the co-operation by swindling us of disbelief. Lapotaire plays a supposed widow of an art collector (hence all those funny voodoo masks scattered around Rose Greer's apartment design). She has studied a Scottish vagrant along the Embankment from the comfort of her cruising Bentley and picked him up because he resembles the husband who died in Panama. This cringeing wino, played by Rees, will be passed off, in the manner of Eliza at Ascot, at a dinner party and then produced as the recipient of a £1m trust fund legacy on the husband's 45th birthday.

Even the best of fiction thriller writers such as Patricia Highsmith has problems with this topic of superimposed identity. The one flaw, for instance, in one of Miss Highsmith's most brilliant Ripley novels is that you cannot believe that nobody who knew the dead man actually rumbles his substitute. But a novelist can manipulate storylines with indecent subtlety—here, we are asked to believe (a) that the tramp fools an entire dinner party and (b) that the "wife" herself has led everyone a merry dance for even longer than that period of time.

For the identity game is abruptly revealed to have double connotations, and the play's final 10 minutes rocks with an unexpected murder, an unannounced arrival and the summary destruction of all the widow housekeeper's burgeoning escape fantasies.

I suppose this is yet another failed attempt to cash in on the *Sleuth* phenomenon. The play is more promising when it is more open-hearted about the background of its two characters and the curious, ambivalent relationship they construct for each other. Both Rees and Lapotaire take wings and fly the moment they start to play real love scenes. Otherwise, Mr Rees is a most unlikely derelict, afflicted with a pneumatic occasional cough and a David Threlfall "Smike" face defect. He gradually unbuttons to reveal a frustrated thespian childhood memory of playing a crippled saviour in the Nativity of whom the local critic wrote "God moves in a mysterious way."

For, in the end, both his character of Duncan McFee, and Miss Lapotaire's of Phillipa James, are refugees from the wrong side of the track. She has the harder task, but can call on all her formidable resources of emotional twinkling to carry us through.

The production, rather charmingly, acknowledges the RSC *Nicholas Nickleby* association of Mr Rees and Mr Rubin who now moves on to pastures greener and wider at the Bristol Old Vic.

Alastair Muir

Roger Rees

Philip Langridge and Marie Angel in The Masks of Orpheus, the new English National Opera production which opened at the Coliseum in London last night. The première of Harrison Birtwistle's new opera will be reviewed by Dominic Gill on this page tomorrow. Last night also saw the opening in Cardiff of the Welsh National Opera's new production of Wozzeck; it will be reviewed by David Murray on Saturday's Arts Page

Nash Ensemble/Wigmore Hall

Dominic Gill

The Nash Ensemble's concert began and ended on Tuesday with Stravinsky (the neo-classical *Suite Italienne* for cello and piano, ably delivered by Christopher van Kampen and Ian Brown, and the *Soldier's Tale* suite), and between whiles celebrated the 50th birthday of Richard Rodney Bennett — that chameleon of British composers who is as happily and dexterously at home in the styles of jazz, light music and filmscore as he is in his own "serious" idiom.

Sonata after Syrinx — one of several recent works which Bennett has based on Debussy's *Syrinx* for solo flute — was written last year and specially commissioned by the Nash for the occasion: the piece is a deftly scored succession of seven tiny sections for various combinations of flute, viola and harp (itself a Debussyian homage); the effect, like the reference, is evocative rather than directly variational; it is a charming and characteristic sketch.

Not more skilful, but more substantial, were Bennett's *Five sonnets of Louise Labe*, written some time ago for Teresa Cahill to sing at the Chester Festival. Miss Cahill returned to sing them now, and they made a powerful sequence. The scoring is for wind quintet, harp and string quintet: Bennett has an unusual gift for blending instruments tactfully with the voice in its grandest solo flights, and by contrast also for submerging the voice unexpectedly within the overall texture so that it blends with the instrumental counterpoint.

All of the songs—especially the first, with its long dramatic line, and the gently swaying responses of the third—make impressive play with this device. They are strong, serious song-settings: a pity all the same that the Nash couldn't have offered us just a little more than they did of Bennett's brilliant, light-hearted vein.

Cowie's Harp Concerto/Barbican Hall

Andrew Clements

Edward Cowie has completed three concertos—for clarinet (1975), piano (1977), and now for harp. The *Harp Concerto* was first performed by Frances Kelly and the Northern Sinfonia under Richard Hickox in Newcastle upon Tyne last Sunday, and reached the Barbican on Tuesday evening. It was commissioned by the orchestra, and written four years ago; the interval between composition and premiere was not explained.

Cowie's Piano Concerto was memorable for its fond memories of the English tradition, and of Tippett's concerto in particular, generating streams of unconnected triads that undoubtedly conjured up a positive atmosphere. Would that the harp work contained anything so distinctive: its four movements last 35 minutes, with only the central pair, an essentially lyrical Adagio and spikier Presto, positively characterised. They are flanked by music that seems to change tack too often to establish itself thematically or structurally.

The starting point for the concerto was evidently Botticelli's *La primavera*. Three of the four movements also carry allusive subtitles, while Cowie suggests that the piece "recounts my love of decoration, the baroque period and colour"; repeated string figures in the finale are marked "in a pulsating, Vivaldi-like manner." But any hint of neoclassical clarity is firmly denied by the lack of sharp focus in any of the work's textures or harmonic processes, its dingy orchestration and the failure to solve the problem of balance that is endemic to any harp concerto.

Perhaps more lively accompaniment from Hickox and the orchestra would have given a shape of a kind, but it would have taken a very acute technician to make convincing sense of many of the densest passages. Miss Kelly laboured hard at her solo role, often to little audible effect; those moments when she could be heard suggested nothing out of the ordinary in the work's approach to the instrument, or that it would be a rewarding piece for her colleagues to take into their repertories.

Die Walküre/Frankfurt

Andrew Clark

The new Frankfurt *Ring*, staged by Ruth Berghaus and conducted by Michael Gielen, began with *Das Rheingold* last December and has now moved on to *Die Walküre*. The two final instalments will be added next season, and Gielen will conduct three cycles in May, June and July 1987.

So far, the cycle has lived up to and embellished the company's progressive image. *Das Rheingold* and even more so *Die Walküre* make striking visual statements and are extremely well sung and conducted, and there is never a hint of political point-scoring. This is probably the biggest surprise: nothing is taken for granted; both works have been exactingly analysed, and the performances come to life with the vitality and unpredictability of a re-creative force.

Anyone who saw the Berghaus *Don Giovanni* in Cardiff nearly two years ago will have an idea of the kind of theatrical world she likes to explore: strong on intellectual niceties, humour and sexual innuendo (from a welcome female point of view), but occasionally digressing into avant-garde cliché and obscurantism, and with a tendency to overkill in the profusion of ideas.

Axel Manthey, her designer for the *Ring*, draws sharply-delineated, well-spaced stage pictures. They look like three-dimensional surrealist posters, and are eye-catching in their economy of colour. The Rhine maidens in *Rheingold* are white statuettes swaying and circling against a black backdrop. The gods—also in white neo-classical garb—clump around on plinths, but are forced to come down to earth when Freia is abducted. Fasolt and Fafner are represented as giant mobile terracotta figures, fronted by expressionless singers who resemble union representatives in business suits. Valhalla is a huge open-ended ring of concrete, decorated with a map of the universe.

The *Rheingold* production speaks strongly of the injustice and social disharmony that arise from greed and abuse of power. In *Walküre*, the picture becomes fragmented. The two are well linked, but an overview would be premature. In general, producer and designer seem happier dealing with gods than mortals.

Miss Berghaus frequently leaves the impression that she would rather search for an elliptical symbol than make do with the real thing. Siegmund disappearing with Sieglinde up the back of a tree trunk at the end of Act one, brandishing his sword as he forges upwards, is a case in point: it is not normally necessary to climb a tree to make love. But each of the production's novelties demands a constructive re-examination of what text and music are saying.

The small set for Act one of *Walküre* shows Siegmund literally cornered—he almost raises a laugh when he starts tapping the wall for an escape route—but some of the other imagery is self-defeating. Act two takes place on a planetary precipice, with a ramp that calls to mind the rings circling Jupiter. Wotan's trilby and coat denote his earthly wanderings, but he reverts to the off-the-shoulder white overall of the gods when he needs to exert authority. His attempt to break Fricka's resolve by fondling her shoulders was a neat reminder that he is, so to speak, a man of the world. Act three, set on a circular dais dwarfed by the dark, distant universe, includes a spectacular frieze of Brünnhilde and Sieglinde in headlong flight on horseback.

Some of the production suggests a woman's view of *Walküre*: we are left in no doubt, for example, that it is Sieglinde who knows the significance of the sword right from the start and who takes the sexual initiative; it is Fricka who defines the limits of Wotan's power, and Brünnhilde who is the personification of her father's will. What, one wonders, will Miss Berghaus make of Siegfried?

The musical performance under Gielen, while complementary to the staging, is unlikely to provoke the same divisions. By any standard this was an outstanding display of Wagner conducting: fluent, transparent and discreet. Gielen never falls prey to histrionics, heaviness or dullness, nor can he be accused of excessive detachment. He does not waste time, yet every phrase and paragraph breathes a natural sense of place and proportion. The singers are always audible, cross-rhythms are clearly enunciated, and the orchestra plays with flair and unflagging polish.

The cast projects a sense of ensemble, of which Catarina Ligendza is a welcome part. Her Brünnhilde is still one of the finest around; she looks beautiful and sings with undimmed power and steadiness. Walter Raffeiner's Siegmund is rugged and baritonal. Gail Gilmore's Fricka alternates between a squeak and a squawk. In Manfred Schenk, the Fasolt and Hunding, the company has a crisp high bass of distinction. Individually and collectively, the Valkyries were excellent.

Wotan was the main weakness of the early *Rheingold* performances, but the arrival of Wolfgang Probst has now made amends. The voice is large if not ideally penetrating, and he has good command of the stage. Helena Doese is the radiant, lyrical, bracing Sieglinde, a very happy piece of casting. The way she and Gielen grasped the soaring motif at "O hehrstes Wunder" that looks forward to Brünnhilde's Schlussgesang, and the sight of Wotan vainly trying to crawl back into the magic fire circle in the closing moments, confirmed that this production has its heart in the right place.

Scandinavian painting at the Hayward

Scandinavian paintings of the turn of the century will be exhibited at the Hayward Gallery from July 10 to October 5. Called Dreams of a Summer Night, the show is sponsored by Volvo, and will go to Dusseldorf and Paris after London.

Forest Philharmonic/Festival Hall

Paul Driver

Sponsored by Securicor Communications, the Forest Philharmonic, under Frank Shipway, appeared in the Festival Hall on Tuesday to play works by Dvorak and Richard Strauss. The orchestra is, I take it, a combination of amateurs, some professionals, students and young professionals: like most such ensembles it produces a vital and committed result; unlike them, it is very highly disciplined and can be a galvanic force.

Shipway requires and obtains much from his players; his own style is meticulous, severe, and charismatic. He conducts from memory (a particular accomplishment so far as the 55 congested minutes of Strauss's *Alpine Symphony* are concerned), and addresses the orchestra with a will. But it was evident from the extremely alert and sympathetic accompaniments he provided for Dvorak's Cello Concerto that his goal is not merely a rigid accuracy: he coaxed music-making of equal attentiveness and flexibility; he was able to let the music breathe.

Perhaps the orchestral sound itself was not always of the most beautiful; but the primary musical satisfactions were available; and Ralph Kirshbaum's cello solo was hugely compelling. The *Alpine Symphony*—a work which seems to occupy a grey area between Beethoven's *Pastoral* and Mahler's *Third Symphony* and whose musical travel-writing I find as repellent as it is verbose—was done with maximal conviction and a great deal of finesse. The central mountain-top "Vision" had a mad intensity, while delicacies for organ were audible in the succeeding sections depicting a mist-enshrouded sun. The thunderstorm sounded crudely convincing, which is what Strauss made it. The violins at the end were suitably soulful.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 16-22

Exhibitions

LONDON

The Hayward Gallery: Falls The Shadow – this year's Hayward Annual for the first time extends its view of contemporary art from Britain into Europe. The Arts Council's guest selectors, Barry Barker and Jon Thompson, taking a hint from T.S. Eliot's ambiguous poem of the mid 1920s, The Hollow Men, abandon the principles of avant-gardism in favour of a more open and catholic modernism. The result is an elegant, difficult and fascinating anthology. Ends June 15.

PARIS

From Rembrandt to Vermeer: 60 chefs d'oeuvres on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre paintings, still lives and landscapes. Grand Palais. Ends June 30. (4261 5410).

Rasa – The Nine Faces of Indian Art. A hundred sculptures in stone, bronze and terracotta and some 200 miniatures are divided into nine groups according to the sentiment they express: the erotic, comic, pathetic, heroic, terrible, furious, hateful, marvellous and finally the serene, thus making Indian art intelligible to Europeans. Many of the sculptures have been only recently discovered, while most of the miniatures are seen for the first time. Grand Palais (4261 5410). Closed Tue, Wed late opening. Ends June 16.

At the Court Of The Great Moghul: A parallel exhibition of Indian miniatures from Bibliotheque Nationale's collections, which have never been exhibited before. Bibliotheque Nationale, 58 Rue de Richelieu from 12am to 6pm all days. Ends June 16.

Dutch and Flemish paintings from the 16th and 17th century: The 15 choice works represent the quintessence of Flemish art. There are the still lives with fruit or flowers so true to nature. There are the peasants harvesting and drinking with equal gusto, painted by Pieter Brueghel the Younger in glowing colours and a vigorous line, as well as his misty winter scene with skaters, snow-covered roofs and black crows in bare branches. Jan Brueghel the Younger shows a crowd of villagers on a quayside. De Jonckheere Gallery, 21 Quai Voltaire (426 12314). Ends May 26.

19th century pastels: A renewed, reinvigorated use of the pastel crayon technique, in complete break with its genteel 18th-century tradition, gives a sense of immediacy to Delacroix studies, to country scenes by Millet and portraits by Manet. It catches the movement of Degas dancers and women at their toilet and lights up Redon's inner visions. The Louvre, Pavillon Flore (4261 5410). Ends June 9.

Marie Laurencin: After a short flirtation with Cubism, Marie Laurencin, Apollinaire's love and Cocteau's friend, create an enchanted world of adolescent girls. The unchanging pale, oval shaped faces with expressionless eyes, the ethereal bodies amid flowers and floating pink and blue gauzes could easily become too sugary but for the aura of Sapphic mystery. Gallery Malingue, 26 Ave Matignon (4266 6033). Ends June 21.

WEST GERMANY

Düsseldorf: Kunstverein Grabbeplatz 4: Josef Beuys water colours from a private collection. 250 paintings by the artist, who died in January, are shown for the first time. The exhibition covers the period from 1952-86. Ends May 25.

Tübingen Kunsthalle: Philosophenweg: Pablo Picasso. A retrospective of 200 masterworks' Pastels – Paintings – Aquarelles. This unique exhibition covers the period from the early years to the later works (1881-1973). It also displays his great variety of works on paper for the first time. Ends May 25.

Berlin, Nationalgalerie, Potsdamer Straße 50: Gerhar Richter. A retrospective of 100 oil paintings by this East German who has lived in Cologne since 1983. The works cover 1962-85. Ends June 1.

Berlin, Akademie der Künste, Hanseatenweg 10: Life Or Theatre? This exhibition displays 250 gouaches by Charlotte Salomon. She died, aged 26, in Auschwitz. Ends June 15.

Bayreuth, Iwalewa-Haus, Münzgasse 9: Art and Culture from the Congo and Zaïre. About 300 paintings, cult and practical objects from the Colonial period to today. Ends June 29.

Hamburg, Kunsthalle, Glockengießerwall 1: Renaissance of the North. 110 German and Dutch paintings on loan from the Paris Ecole des Beaux-Arts. Among the artists are von Bouts, Dürer and Goltzius. Ends June 29.

BRUSSELS

Musée Royale d'Art et Histoire: Taiwan-based painter Wong Liu-Sang. 40 paintings, of which 10 are by his pupil Chen Sian-Nan form this painter's first European exhibition. The artist will demonstrate traditional Chinese painting on June 18. Ends June 29.

ITALY

Florence: Museo Nazionale del Bargello: Homage to Donatello: to celebrate the 6th centenary of his birth the 19 Donatellos the museum owns, of which only six are of absolutely certain attribution, have been grouped, with much documentation, to give a new view of the artist. The exhibition includes his extraordinary, languid bronze David. Ends May 30.

Rome: Palazzo Braschi: (Piazza San Pantaleo): Edvard Munch (1863-1944): More than 250 works by the Norwegian painter from the Munch museum in Oslo and private collections. Death and illness became a dominant theme in Munch's works: Subjects such as Death In The Sickroom are reworked in oil, charcoal and pastel – each seeming more compelling than the last. Also on show is his extraordinary work The Scream painted in 1893, in which the scenery becomes a vortex for the central, anguished figure. During the 1890s, Munch moved away from realism and impressionism (there are three delightful paintings on show of Nice and St. Cloud) towards expressionism, a style which he used to express not only desolation, but also lyricism and passion. Ends June 1.

Venice: Palazzo Grassi: Futurism and Futurisms: Fiat opens its art centre on the Grand Canal with the largest exhibition to be devoted to the Futurist Movement, a movement born in Italy, and the first to exalt technology, and to try to convey speed on canvas. More than 300 works have been lent. The paintings are mainly from 1909-18, but there are also sections devoted to literature, theatre, music, architecture, fashion and furniture, showing futurism's influence up to 1930. Ends Oct 12.

NETHERLANDS

Amsterdam: Van Gogh Museum. 90 Whistler etchings from the Zelman collection follow the career of the brilliant eccentric from his Paris period, through the penetrating observation of London's dockland, the tranquility of the Venetian set, and closing with the late, dreamlike impressions of Amsterdam. Ends June 8.

SPAIN

Madrid: Contrasts of Forms. Abstract and geometrical art sponsored and recently exhibited at Moma, New York. 150 works by 20th century artists set out chronologically, offers a coherent display to 1980 with Braque, Leger, Picasso, Mondrian. Biblioteca Nacional, Paseo de Recoletos 22. (435 40 03). Ends June 30.

VIENNA

Jewellery from 1900-25: A selection from the Museum of Applied Arts' extensive Art Nouveau jewellery collection not usually on display. The museum began its collection in 1900. Ornamental combs by René Lalique, enamel and ivory pieces by Gaillard, and beautiful jewellery using glass and semi-precious stones by the Belgians Van de Velde and Philipp Wolfers. There are also pendants, lockets, brooches, necklaces, belt buckles and rings from the masters of the Wiener Werkstatte – Hoffman, Moser and Czeschka – many on public view for the first time. Applied Arts Museum, ends June 8.

NEW YORK

Japan House: Burghley House, with its the earliest known record of Japanese porcelains in Europe, provides a touring exhibit that will visit the High Museum in Atlanta and then Japan through 1988 with 205 Japanese and Chinese objects dating from the 16th to the 18th centuries. Ends July 27.

Museum of the City of New York: Arbit Blatas's paintings, drawings and sculptures of Three Penny Opera covering 12 scenes and 11 characters, were inspired by the historic Theatre de Lys production in 1954 starring Lotte Lenya. Ends Oct 15.

WASHINGTON

Hirshhorn Museum: 75 works of the California sculptor Robert Arneson presents the glazed ceramics he pioneered in what became the Funk movement in the 1960s with its irreverent view of other artists, contemporary artefacts and art itself. Ends July 6.

TOKYO

Antoni Cleve: 130 works by one of Spain's prominent modern artists. Tokyo Teien Museum, Meguro. This museum, with its art deco architecture and garden was once the home of a member of the Imperial family. Ends June 6.

Saleroom/Susan Moore

March of the Moderns

The recent re-evaluation of 20th-century British painting—some half dozen commercial galleries have seen fit to present Modern British shows already this year — attracted 258 lots to Sotheby's sale yesterday, but did not ensure a welcome reception for all. Sir George Clausen's delightful portrait of a sun-dappled Kitty Dean, estimated at £20-30,000, found a private buyer at £48,400, and Lavery's topical *Ascot* also came in well above the estimate, at £41,800.

The top price of £60,500 was paid by the London dealers Frost & Reid for Munnings's *Gypsies* of 1915, and Spencer Gore's disappointing "lost masterpiece" of a ballet at the Alhambra also realised less than its top estimate, selling for £48,400.

While a group of quiet interiors and portraits by the Newlyn painter Harold Harvey were well received—*A Field of Flowers* realising £36,300—three of the powerful David Bombergs failed to reach their reserve (*Sunset, Treveal, Cornwall* tripled its estimate, realising £17,600) as, surprisingly, did Laura Knight's cartoon for her most ambitious circus picture, *Charivari*. Waddington paid £33,000 to buy back Jack Butler Yeats's *Leaving the Raft*, missing the artist's record price by £900. In all the sale totalled £1,621,455 with 18 per cent unsold, up some £500,000 on November's larger sale.

One of the most impressive provincial auctions of 18th century English furniture for some time also took place yesterday, at Dreweatts of Newbury. The well catalogued and marketed sale comprised a number of pieces from Sir Francis Burdett's Will Trust, some with tentative attributions to Thomas Chippendale who was commissioned to produce furniture for Sir Robert Burdett at Foremark Hall, Derbyshire, in the 1760s.

An overmantel mirror with distinctive Chippendale features received most notice, though its slight awkwardness led some scholars to doubt it was from the master's hand. Selling at £22,000, the mirror, along with similarly attributed items, realised healthy but not exceptional prices for fine 18th century furniture. A handsome set of eight George II mahogany chairs made £58,000, the same sum as a George III serpentine mahogany commode, again in the Chippendale manner but from another source.

At Christie's in London a circular silver soup tureen, stand and cover showed the inimitable Paul Storr at his most restrained. Made in 1805, the 267oz tureen is engraved with the arms of HRH The Duke of Kent and Captain Thomas Hardy, and was given to Hardy as a memento of the Duke's passage aboard HMS Isis in 1802. It was sold well above the estimate for £45,360.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday May 22 1986

Mr Baker to the front

THE APPOINTMENT of Mr Kenneth Baker as Secretary of State for Education and Science in succession to Sir Keith Joseph is welcome in a number of ways. Sir Keith is an exceptionally intelligent man who did as much as anyone to shape Mrs Thatcher's approach to government. He has a way of analysing problems rare among politicians but has not always been capable of finding solutions. Mr Baker, by contrast, should be more of a do-er. He has experience of higher education from his work on information technology and is also well versed in the ways of the local authorities, on which the future of education is so dependent. He is a personable figure who should go down well in public.

There is a lot to be done. Sir Keith has departed at a time when the debate over the future funding of the universities is coming to a head and when Her Majesty's Inspectors of schools have just produced a report that makes, in parts, immensely gloomy reading. It claims, for example, that the "condition of much of the accommodation used by pupils, students, teachers and lecturers continues to deteriorate" and warns that without urgent attention the cost of putting things right will become prohibitive.

Coming man

All these problems, and more, will be on Mr Baker's desk. Moreover, he will have to deal with them during a period when it is becoming widely believed that education has been one of the biggest failures of Mrs Thatcher's administration. It is the sort of issue that could have a decisive effect on the outcome of the general election.

The assumption must be that the new Secretary of State will be given the money and will demonstrate the ability to pick the pieces. Yet there is something else about his appointment that raises questions about the way the Government is run. Mr Baker was generally recognised as a coming man in the early 1970s but it was not until September last year that he entered Mrs Thatcher's Cabinet as Environment Secretary. Possibly that was because he was judged to have been too close to Mr Edward Heath, the former leader, or perhaps he was thought to be too expansionist in his views. But, whatever the reasons, a good man was kept out in the early stages and has only been called to the front now that the Government is on trial.

Cabinet-making has not been one of Mrs Thatcher's strong points. Yesterday's announcement was the third reshuffle this year following the resignation of Mr Michael Heseltine as Defence Secretary and then of Mr Leon Brittan as Trade and Industry Secretary. The replacements have on the whole been piecemeal. Mr Paul Channon, for instance, succeeded Mr Brittan in a department where he was already number two largely because it meant the minimum of change. Other departments—Northern Ireland and the Environment are examples—have had more Secretaries of State over the years than is consistent with the application of a consistent policy.

Some of the strains are beginning to tell. Although it is impossible to be certain that it would have been different under Mr Brittan, Mr Channon does seem to have emerged as the minister for bad news, announcing one set of job losses after another. Mr Douglas Hurd lost the Shops Bill in a manner than looked like carelessness and government policy in general has become less decisive: witness the retreat on BL.

Mr Baker's appointment may be an attempt to stop the rot but it can hardly be denied that some rot had set in. The other major appointment—of Mr Nicholas Ridley to the Environment after his spell as Transport Secretary—may require more explanation. Mr Ridley is an able minister, close to Mrs Thatcher, and has had some success in dealing with intractable problems such as the third London airport. But he does not exactly set either the House of Commons or the public on fire.

That is one of the troubles of this Government. Many of its members — like Lord Young at the Department of Employment, whose second white paper on deregulation is due today — are good at identifying micro-problems. They are a great deal less adept at explaining what is being done. After seven years, that is beginning to be a very serious criticism.

The car makers regroup

THE ANNOUNCEMENT yesterday of the proposal by Ford to take a large stake, probably leading to majority control, in Alfa Romeo of Italy focuses attention once again on the marginal players in the European motor industry. It has been clear for some time that Alfa Romeo, state-owned and heavily loss-making, could not possibly return to viability without a partnership with a larger group. The same logic applied to Seat of Spain, which sought protection under the wing of Volkswagen, probably the strongest of the leading European manufacturers. It also applies to Austin Rover and Leyland Vehicles in the UK, although neither company is in quite so parlous a condition as Alfa Romeo. It is still possible that political objections will scupper the Alfa-Ford deal, just as they did the proposed sale of parts of BL to American companies. What is certain is that Alfa Romeo can survive in its present state only as a pensioner of the Government.

Alfa's problem is that it has the capacity to produce well over 400,000 cars per annum and is manufacturing under half that amount. An attempt to fill the gap in a joint venture with Nissan of Japan has been disappointing, partly because the up-market traditions of the Italian company did not blend well with the high-volume approach of Nissan. Yet Alfa still has a famous name and a potentially strong position at the more expensive end of the market. An alliance with Ford could enable it to exploit these assets.

Ford, for its part, has long been seeking to supplement its place in the mass market, where margins are slim, with a larger share of the luxury car business. Just as Volkswagen has its Audi range and Fiat its Lancia models, so Ford would like to move in the same direction. The Rover marque was no doubt one of the main reasons why Ford was interested in acquiring Austin Rover — a plan blocked by the British Government on political grounds — although that deal would also have involved far-reaching rationalisation in the British motor industry.

Although changes in technology have increased the flexibility of car manufacturers in terms of volumes, costs and profitability, the European industry is tending to polarise between the six high-volume producers, each with about 12 per cent of the market, and a handful of more specialised companies such as Daimler-Benz, BMW, Volvo and Jaguar. Ford is a strong advocate of rationalisation among the "big six," arguing that substantial economies of scale can be achieved in this way. But as its abortive negotiations with Fiat showed, managerial and political difficulties are likely to stand in the way of full-scale mergers among the leading companies.

A somewhat similar process is taking place in the heavy truck business. Here too, it is possible for small specialists to survive, mainly on the basis of using bought-in components and selling to a local market. But the lion's share of the business has been going to the larger groups which are increasingly organised on an international scale. Thus Volvo and Daimler-Benz, for example, have a substantial presence in the US, and in the developing countries as well as in western Europe.

Different position

The real strategic difficulties face the companies which are caught in the middle—too big to be specialists and too small to match the costs of the giants. It is extremely hard for Austin Rover, which has traditionally been regarded as a high-volume producer for the mass market, to shift its image decisively in the direction of BMW or Volvo—even with the aid of the Rover name.

It is true that the disadvantages of small scale can be offset to some extent by buying key components from outside suppliers and by the network of joint ventures which Austin Rover and other companies have been developing. Yet there is a limit to how far arrangements of this kind can reduce a medium-sized company's vulnerability in a fiercely competitive market. Leyland Vehicles, in spite of its investment in new models, remains a marginal producer and the British Government was wrong not to sell it to General Motors. Austin Rover is in a different position because of its links with Honda but those links need to be reinforced, preferably with an equity stake, if the company is to face the future with confidence.

A hundred days, a hundred dangers

Chris Sherwell in Manila assesses the problems facing Mrs Aquino's régime

OVER the next few days, a series of events will unfold which should decide whether Mrs Corazon Aquino's "first hundred days of yellow revolution" offers the troubled Philippines recovery and stability after 20 years of misrule by Ferdinand Marcos.

The question is important. "President Cory's" much-vaunted one hundred days expires on June 5, and plenty has happened to temper public euphoria since the autocratic Mr Marcos was swept from power on February 25 by a tide of popular support and a military revolt.

Most obviously, inexperience and ineptitude have brought confusion and indecision, and serious divisions have emerged within the cabinet. A preoccupation with Mr Marcos has looked like a substitute for action, and public expectations, though always unrealistic, have been deflated.

More important, the country's battered economy remains in its worst shape since the devastation wrought by the Second World War, and the Communist-led insurgency continues to pose a threat to the new government, not to mention the West's strategic interests in Asia.

Mrs Aquino's ability to cope with these problems is now under microscopic scrutiny. Some believe her indisputable popularity will ensure her survival. Others fear the insurgency will overwhelm her, rather as the Russian Bolsheviks drove out Kerensky in 1917. A third view foresees a pre-emptive coup from the Right.

Tomorrow, Mrs Aquino goes to the strife-torn southern island of Mindanao where she will unveil her plans to deal with local demands for autonomy and the broader problem of the insurgency. So unsettled is the country, and so fragile her government, she is undoubtedly risking her life by staying in Mindanao for one night.

On Sunday, the "third month anniversary of people power," Mrs Aquino will attempt her first re-mobilisation of popular support: a mass demonstration outside Camp Crame, scene of the four-day insurrection in Manila which Mr Marcos abjectly failed to quell. The turnout will show those opposed to Mrs Aquino — especially the still-voluble Marcos loyalists — what they are up against.

Then, early next week, Mrs Aquino's two principal economic czars — Mr Jaime Ongpin, Finance Minister, and Mr Jose Fernandez, central bank governor — meet World Bank and Western government creditors in Tokyo where they will disclose the new government's economic programme and appeal for additional official lending.

Mrs Aquino needs to use these events to show that her government is not simply one of good intentions united by faith and an aversion for Mr Marcos. So far, her role in removing Mr Marcos has regenerated Filipino self-respect and brought a heady atmosphere of freedom. But that is not enough, and her appeals for patience are going unheeded.

Of all the problems she faces, the deterioration in the economy is the most serious. Two years of contraction have reduced per capita output by 15 per cent, cut real wages and led to introlerable unemployment. The insurgency will intensify further unless jobs are created.

But if time is short, so is money. Thanks to Mr Marcos's pre-election spending binge and slowing tax revenues, the 1986 budget deficit is now projected at three times the 1985 level of Pesos 13bn (£425m)—a figure which was double the level planned under a stabilisation plan backed by an IMF standby agreement which has now been scrapped.

Mr Ongpin's difficult task is to come up quickly with the detailed programme necessary to convince the IMF, World Bank, 480 commercial bank creditors and Western lenders that they should help close the gap. That means additional aid, fresh loans and a further rescheduling of the Philippines' $26.2bn external debt.

Without such help, according to one calculation, the Philippines would not recover 1983 living standards before 1994. At that time an even larger percentage of the population would be in poverty. To show an increase in per capita consumption, on the other hand, around $2bn would be needed in extra capital every year.

Mrs Aquino must now take tough decisions to win such support. To maintain domestic revenues, tax collections must be improved and the whole system overhauled. To curb expenditures the role of some 250 government corporations and financial institutions must be reduced and the bloated bureaucracy trimmed.

With 70 per cent of the population living in rural areas, agreed agricultural policies are also needed, covering credit, fertiliser pricing and crop diversification. Tariffs protecting domestic industries have to be lowered. Above all, Filipinos abroad and foreigners must be encouraged to bring in investment capital through the most liberal laws possible.

Some creditors have already backed Mrs Aquino. Having halted all lending last year, the Asian Development Bank, the Manila-based multilateral agency, has reversed position an dskirted rules to produce a $100m loan in reord time.

Mr George Shultz, the US Secretary of State, is spearheading an effort to raise $2bn from Western governments — having previously complained about the "infinite" demands being made by Manila. Extra US assistance already announced is meanwhile expected to lower the projected budget deficit to around Pesos 25bn.

Against this is the public image of deep differences within the Aquino cabinet over economic policy. Mr Ongpin fought a proposal to repudiate some of the country's external debt and the Government will now try to secure a "discount" on repayments for kickbacks to Mr Marcos. But the row has not strengthened Manila's bargaining position with its creditors: bankers do not see the issue as settled and are unlikely to lend more if Manila continues to talk about repudiation.

Plans to give far greater powers to workers, along with radical statements from the new Labour Minister, have similarly caused a rift because they have so predictably angered employers.

Reinforcing this unsettled investment climate is the activity of the Presidential Commission on Good Government. Formed to track down Mr Marcos's ill-gotten wealth, it has acted like a wounded bull, sequestering assets in almost 200 companies or institutions and thoroughly antagonising otherwise sympathetic people.

Ironically, its biggest test has been over a case where it may have been right to intervene—a dubious deal involving San Miguel Corporation, the brewing and food giant which is the Philippines' biggest manufacturing company.

Under the deal, San Miguel's Hong Kong subsidiary was to be sold to finance a transfer of shares said to be controlled by Mr Eduardo Cojuangco, a Marcos business associate, to a group led by Mr Andres Soriano, a member of the family which founded the company.

Some cabinet members say the commission's halting of the deal undermines the Government's commitment not to intervene in business. Others see it as a test of the Government's seriousness

None of these issues threatens the young Government's immediate survival as much as its handling of the insurgency, still being prosecudted by some 16,000 armed members of the New People's Army (NPA), the military arm of the Communist Party of the Philippines.

So far, Mrs Aquino's idea of an amnesty remains just that, and up to 1,000 people are believed to have died in the guerrilla war since she came to power. Trying to contain this threat are the two men who ensured her ascendancy to power—Mr Juan Ponce Enrile, Defence Minister, and General Fidel Ramos, the armed forces' commander.

Gen Ramos, long known as a professional soldier, has left no doubts about his loyalties to Mrs Aquino. He has begun a reform of the 210,000-strong armed forces by removing "overstaying" generals (although he is himself one), but lacks the resources to weld the military into an efficient anti-guerrilla force.

Mr Enrile, a politician to his fingertips with ambitions to match, is reckoned to be more of a problem. He was unhappy about Mrs Aquino's release of Communist leaders among freed political prisoners, and is concerned at a plan by the new Presidential Commission on Human Rights to investigate past military abuses while not tackling the question of guerrilla atrocities.

To Mr Enrile, who retains the backing of the powerful reform movement in the military, this demoralises soldiers and damages the war effort. Intriguingly, it is not clear whether Gen Ramos agrees. In the meantime, an upsurge in rebel attacks in Mr Enrile's home province of Cagayan is posing a serious problem.

Equally tricky is his past association with Mr Marcos. Mr Enrile is deeply mistrusted by Mrs Aquino's closest cabinet colleagues, despite his critical support for their cause in February. If his background now mkaes him vulnerable to the two presidential commissions, Mrs Aquino ignores him at her peril

So far Mrs Aquino — who tends to think in terms of good and evil rather than left and right — has seemed more ready to listen to her friends in the cabinet than people like Mr Enrile. They include left-leaning human rights lawyers like Mr "Joker" Arroyo, executive secretary, and Mr Rene Saguisag, the government spokesman, both of whom stood by her husband when Mr Marcos imprisoned him.

She has also backed Mr Aquilino Pimentel, her Local Government Minister, as he has systematically removed governors and mayors across the country and installed his own appointees. In this he has had the help of Mr Jose Cojuangco, who is Mrs Aquino's brother and a key figure in the administration, though he has no official position.

Both men are members of the PDP-Laban Party, and their actions have needlessly antagonised vice-president Salvador Laurel, whom they mistrust as an old-guard politician and leader of another coalition party known as Unido. The battle between these two groups can be expected to continue, although Mr Laurel, now Foreign Minister, is trying to stay above the fray.

If all this supports the view that the February "revolution" was no revolution at all, it is equally clear from the activities of Mr Pimentel and of the presidential commissions that it is disturbingly backward-looking. To have removed a corrupt and brutal dictatorship was no mean feat, and no doubt it is essential, as well as politically advantageous, to expose and excise its worst features.

But Mrs Aquino's decision in March to abolish the parliament elected in May 1984 under Mr Marcos's 1973 constitution is now widely recognised to have been a tactical and strategic mistake. Although its members were party to the hotly disputed proclamation of Mr Marcos as President, they were hardly a threat to Mrs Aquino once events overtook them, and were quite ready to do her bidding.

Had this institution survived, it would have provided a convenient escape valve for many political views and, importantly, a body of elected individuals who could have made her government legitimate and helped to draft a new or changed constitution.

Instead, Mrs Aquino is ruling almost solely by decree.

She also has to face complaints that her proposed 50-member constitutional commission will be appointed instead of elected. If it becomes bogged down in detail, divides over sensitive issues like the US military bases or finds its proposals rejected, Mrs Aquino could take all the blame.

Plainly, Mrs Aquino's first hundred days have been immensely difficult, and there is more, perhaps worse, to come. But she and her cabinet team are growing into their jobs rapidly. Her gritty determination and sense of mission still shine through her informality, which is now more presidentially composed.

There is, nevertheless, a brutal reality about the Philippines. A leader for 20 years has stolen it blind. More than 55m people now live in a state of lawlessness. They are poor and need jobs to earn money. It is not enough for an inexperienced widow to offer hope.

Men and Matters

BL profits from Australia

If Graham Day, new full-time chairman and chief executive of BL, is looking for the next suitable candidate to sell back to the private sector, he might do well to look at JRA, the group's Australian subsidiary.

JRA yesterday confirmed its position as BL's best-performing subsidiary world-wide in the past few years by posting record net profits of A$24.8m and doubling the dividend payout to A$10m.

The JRA story has echoes of the recent Jaguar saga. Phil Hovell took over as managing director of what was then Leyland Australia in 1981 and his first job was to decide whether it should be closed down or if it could be rescued from its deep troubles.

Hovell decided JRA could have a profitable future, but not if it continued to buy all its vehicles from the UK.

Today only 30 per cent of the company's business comes from sister BL companies. It sells Peugeot cars from France and Hino buses from Japan as well as Jaguars, Range Rovers and Leyland buses from Britain.

Hovell, 40, was born in London and, like many other BL executives, was trained at Ford. He had a spell at the UK National Economic Development Office before moving to BL in 1973.

His five-year contract is up for renewal this year and Day may well want him back in the UK. But, by all accounts, Hovell is reluctant to leave JRA because he enjoys the autonomy he has been given there.

He must also be hoping that BL, under Day, will decided to sell JRA—perhaps by way of a management buy-out.

"You could win a Concorde flight, a Rolls-Royce or a selection of British industries"

Senate's worth

In 1978, in the wake of the Watergate scandal, the US Congress passed legislation called the Ethics in Government Act. Congressmen have been regretting the move ever since, in part because it requires them to bare at least some of their financial souls to the outside world once a year.

This week it was the turn of the 100 US senators. The results, now being pawed over by the nation's media, confirm the Senate's reputation as "the world's most exclusive club." According to an analysis by USA Today, the Gannett national daily, 22 senators are millionaires.

Senator Dennis DeConcini, Democrat from Arizona, tops the reported asset list with $8.5m — but with net worth (assets minus liabilities) of $7.17m is pipped by Senator Claiborne Pell (Democrat, Rhode Island), who boasts a reported net worth of $7.48m.

Among those showing negative net worth are New York Republican, Alfonse D'Amato, and Senate banking committee chairman turned astronaut, Jake Garn (Republican, Utah). Edward Kennedy shows assets of $478,012 and no liabilities.

Number crunchers caution that the nature of the Act means that many of the figures are imprecise and just hint at real net worth.

But they do provide some other interesting insights. Such as the fact that Russel Long, Democrat from Louisiana, who fought to protect tax breaks for oil and gas industries, received $738,956 in oil and gas royalties last year—accounting for most of his top-of-the-list $954,868 in reported outside income.

Other details include former presidential hopeful Gary Hart's $66,269 in earnings from books he has written, including the spy thriller Double Man. Bill Bradley (Democratic, New Jersey) received a $370 Tiffany picture frame from singer Neil Diamond, and Senate majority leader, Bob Dole (Republican, Kansas) garnered $132,993 for 64 speeches but gave $111,618 to charities.

Today, it will be the turn of the 435 House of Representative members to disclose some, if not all, of their financial secrets.

Call to order

Only nine years after joining GEC as a graduate trainee, Tim Lowry, 30-year-old son of Sir Pat Lowry, chairman of the Advisory, Conciliation and Arbitration Service (Acas), has stepped up to head the company's telephone division at Newton Aycliffe, Co Durham.

It is only nine months since Lowry arrived at Aycliffe as a junior executive, reporting to a section manager. His promotion—following the departure of divisional manager, Roger Lucas, to a senior appointment with another company—is seen as the signal for a major shake-up in an attempt by GEC to win a bigger share of the liberalised telephones market against increasing foreign competition.

There are suggestions that the output of new designs for production at the plant—where 200 jobs were lost last October—could be improved, and that profit margins have been squeezed to keep the 1,400 remaining employees in work.

Stumping up

A rather different form of sport aid from that which is running its course around the world this week is reported by John Rosthorn, a manager at ICI's pharmaceutical division in Cheshire.

Rosthorn plays at Alderley Edge cricket club, one of whose members is Tony Good who toured the Gambia with an MCC team 10 years ago. Gambian cricket is struggling because of a severe shortage of equipment.

The Alderley Edge club together with the nearby clubs of Bowden and Cheadle Hulme set about some fund-raising and had a collection of used gear.

With help from commercial firms they have been able to ship out 75 kilos of cricketing equipment free of charge.

Thanks have just been received from the president of the Gambian cricket association. The gift came at an opportune moment because the Gambians were finding it difficult to equip their national team.

Horse's mouth

Kenneth Baker was supposed to make his first official trip to Liverpool today. He will not be going following his translation from Environment to Education and Science.

But the Merseyside chamber of commerce, which was to hear Baker speak at a dinner tonight, will still be able to enjoy his speech.

It will be delivered by David Renshaw, the civil servant who heads the government's Liverpool Task Force. He should not find the job too difficult—he wrote the speech.

Observer

Economic Viewpoint

The anatomy of Black Friday

By Samuel Brittan

AS TODAY'S mini Cabinet reshuffle reminds us, Friday May 9 was Black Friday for Mrs Thatcher's Government.

There were the bad local and by-election results, which were more than mid-term blues.

But not only was the political news bad. It was followed the week after by the latest UK unemployment statistics, which still show a trend rise of 10,000 a month.

Worse still: the headlines were also dominated by *news* of a fall in British manufacturing output in the first quarter. Manufacturing is only 24 per cent of GNP and its index fluctuates very erratically. The more comprehensive preliminary GNP estimate published yesterday shows a continued rise in total output, but *also* provides distinct *evidence* of a slowdown.

Annualised growth in the first quarter was about 1½ per cent compared both with the last quarter of 1985 and with a year before, if adjustments are made for the miners' strike. This contrasts with a growth rate of 3 to 3½ per cent recorded in 1984-85 and a forecast of 3 per cent by the Treasury for this year.

There has indeed been a setback to recovery in the main Western economies.

The main exception—not brought out clearly by industrial production alone—is the US, where, contrary to nearly all the market wisdom, the first quarter growth of real Gross National Product has been revised upwards to an annualised rate of 3.7 per cent.

An unusually large inventory build-up helped the US GNP rise. But there was far more to it than that. Consumer spending, residential construction and even net exports contributed to the upturn.

My own suspicion is that the US upturn will continue and that the growth outcome for 1986 will be nearer to the Administration's 4 per cent forecast than the pessimistic estimates of professionally hard-boiled New York financial commentators.

By contrast, both Europe and Japan have suffered a setback in the early part of this year. The National Institute attributes it partly to unusually cold weather.

But it may also be that the adverse effects of a *lower* oil price and lower dollar — in the shape of reduced orders from the US and Opec countries — have come through early. The beneficial effects in the shape of a stimulus to domestic spending from lower inflation, and interest rates and from more *orders from non-oil* developing countries have still to *show* themselves in the figures.

There is still no reason to regard the setback of the first few months as more than a temporary blip: either in Europe as a whole or the UK.

The relatively high growth rates achieved by the UK in 1984-85 did not occur in a regular upward swing, but were concentrated in the second half of 1984 and the first half of 1985.

The view that the first quarter setback is temporary is supported in the UK by the *April CBI Trends Survey* which showed no increase in actual orders, but expected orders well up to the average of the last few years of upturn.

Moving aside from nit-picking to the general UK outlook for 1986 and 1987, the new National Institute Review:

- Expects continuing growth in *1986-87* and has revised its forecasts upwards because of oil prices, sterling and the Budget.
- But still expects a lower growth rate than the Treasury did at Budget time: 1¾ per cent compared with 3 per cent. The Institute is usually more pessimistic; but the Treasury's own forecast has been shaved to 2½ per cent.

Nevertheless, the main elements of a continuing upturn are all there. World trade growth by volume, which was down to 3 per cent in 1985, is expected to pick up, reaching 4½ per cent this year and 5¼ per cent *in 1988*.

The fall in sterling against the European currencies and the yen, triggered by the oil price drop last winter, should improve British competitiveness more than the rise against the dollar should impede it.

At home, the rapid rise in UK incomes, combined with the fall in inflation, should ensure growth of consumer spending. (If pay rises moderated, the ultimate result would not be to slow down the growth of income, but to spread it over more people. Total real incomes might even rise faster).

What happens if one moves away from short-term forecasts and tries to take a longer view of the economic record under the Thatcher Government compared with that achieved under its predecessors?

The starting point for any such comparison must be 1973-79, running from one cyclical peak to the next. If the next "Thatcher" cycle had peaked in 1985, there would be a further neat six-year period for comparison. But the present upturn has not peaked either internationally, or in the UK. For it has been slower, but more prolonged, than most past upswings.

If, despite this health warning, we nevertheless make the comparison, we find that from 1973 to 1979 — during most of which a Labour Government was in power — real GDP rose by a cumulative 8.3 per cent or just over 1 per cent per annum. In the Thatcher period of *1979-85*, the cumulative rise was 6.8 per cent or nearly 1 per cent per annum.

INDUSTRIAL PRODUCTION

1st Quarter, 1986

Increase on previous quarter (seasonally adjusted annualised rates)

US	1.2
Japan	—2.8
Germany	—4.2
UK	1.9
France*	—5.5

* Three months to February

Source: EEC

Because the present upswing is not over, very little can be made of the contrast between the two growth rates, which is in any case likely to be eroded by upward revision of the National Income figures. The real contrast is between *both* periods and the earlier pre-*1973 Golden Age when average* growth rates were two or three times as high.

The big difference between the two periods is that a very similar output performance was accompanied by a much larger rise in unemployment under the Conservatives than under Labour. As demographic forces and factors such as the entry of more women into the labour force cannot account for all the discrepancy, it looks as if productivity — in the crude sense of output per head — rose faster under the Conservatives. But an increase in output per head is of little use if it runs to waste in an underutilised labour force and is not translated into actual output.

One genuine gain under the Thatcher Government has been the reduction of union power — both the power of threat on a national scale and grass-roots monopoly power. One would need to correct for unemployment to demonstrate the change conclusively, but I have little doubt it has occurred, and that it provides the best long-run hope of making inroads into unemployment by pricing workers back into jobs.

These gains are threatened by the possiblity of a majority Labour Government which — whatever else it did or did not do — would be bound by its very nature to try to restore the role of the unions in British affairs.

There is much talk of the split in the anti-Thatcher vote. But there is much less talk *about the more important split* between Alliance and Conservative voters, neither of whom want to restore union privileges. *It* is a split which both sides will regret if and when the union cars roll into Downing Street and exchange controls are used in a futile but damaging attempt to force investment into lame duck manufacturing concerns in Britain.

The Government's political setbacks do have one specific message for *macroeconomists* of all parties and of none: which is that the forecasts and models no longer *focus* on matters of greatest concern. A recent paper by *Sir Terence Burns* to the Royal Statistical Society showed that forecasts of both output and inflation had improved as much as could reasonably be expected over the past 15 years and were also "a good deal better than nothing." His present political masters could honestly add that their record on inflation is a good deal better than that of the Heath or Wilson-Callaghan regimes; their record on output is so far very little different and could turn out better once the "recovery" resumes.

But, unfortunately for both Ministers and forecasters, public concern is no longer focused on output and inflation, but on jobs. In the good old days up to the early 1970s, it was possible to derive the unemployment forecast from the growth forecast, with the aid of standard and uncontroversial demographic assumptions—a tailpiece that could be left to the econometric apprentice. That time has long passed, and unemployment can no longer be treated as a mere appendage—either technically or as a policy matter.

The National Institute Review highlights the fact that unemployment trends are no longer related to "growth" in any simple way. For, although the Institute predicts a slowdown in growth, it also predicts a turnround in adult unemployment which is expected to fall by more than 200,000—a reduction of nearly 1 per cent on the current 13.2 per cent rate—by the end of 1987. The levelling *out of* the upward trend *is* derived from a pessimistic view of productivity as well as of output, and the downturn is attributed to the Government's special employment measures.

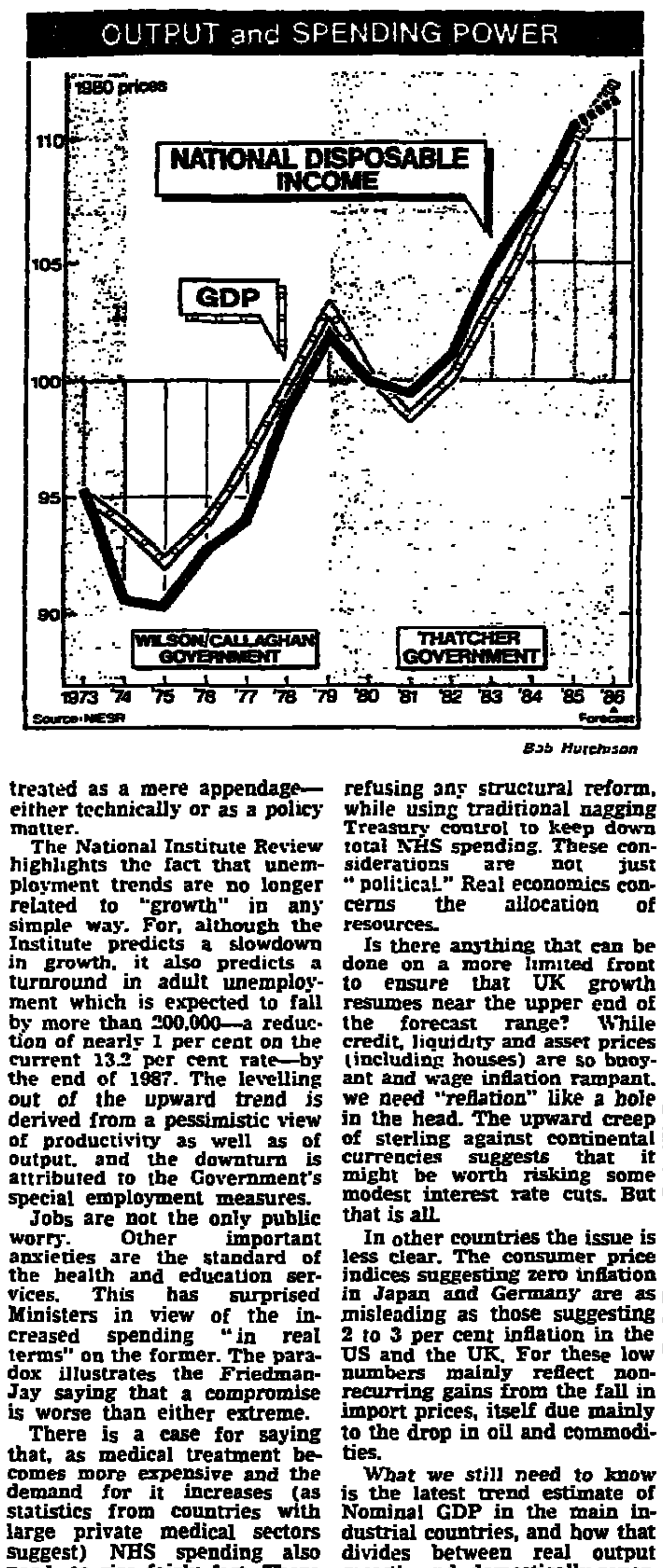
Jobs are not the only public worry. Other important anxieties are the standard of the health and education services. This has surprised Ministers in view of the increased spending "in real terms" on the former. The paradox illustrates the Friedman-Jay saying that a compromise is worse than either extreme.

There is a case for saying that, as medical treatment becomes more expensive *and* the demand for it increases (as statistics from countries with large private medical sectors suggest) NHS spending also needs to rise fairly fast. There is also a case for saying that some or all NHS services should be privatised or that the non-poor should pay directly for most kinds of medical treatment. The compromise, giving the worst of all worlds, is to follow the "consolidators" in refusing any structural reform, while using traditional nagging Treasury control to keep down total NHS spending. These considerations are not just "political." Real economics concerns the allocation of resources.

Is there anything that can be done on a more limited front to *ensure* that UK growth resumes near the upper end of the forecast range? While credit, liquidity and asset prices (including houses) are so buoyant and wage inflation rampant, we need *"reflation" like a hole* in the head. The upward creep of sterling against continental currencies suggests that it might be worth risking some modest interest rate cuts. But that is all.

In other countries the issue is less clear. The consumer price indices suggesting zero inflation *in Japan and Germany* are as misleading as those suggesting 2 *to* 3 per cent inflation in the US and the UK. For these low numbers mainly reflect non-recurring gains from the fall in import prices, itself due mainly to the drop in oil and commodities.

What we still need to know is the latest trend estimate of Nominal GDP in the main industrial countries, and how that divides between real output growth and domestically-generated inflation—a division only to be discovered by analysing Nominal GDP. Only then will we know if the inflationary dragon has been slain and whether there is a case for a selective stimulus in some countries. I remain to be convinced.



Bob Hutchinson

Lombard

Not so rich Uncle Sam

By Anatole Kaletsky

"CAN AMERICANS remain the richest people in the world just by suing each other?" asked Business Week a few months ago in an article on America's transition from an industrial to a service economy. The answer is coming from the currency markets faster than almost anybody expected—and it is a resounding "no."

The fall of the dollar has wiped out most of the US lead over other countries in terms of the broadest measure of relative wealth, the Gross National *Product per head. From a position* of unchallenged leadership in 1984 and 1985, the US is back in second or even third place among the major industrialised countries. On present exchange rates and growth prospects, Switzerland's GNP per head will be 20 per cent ahead of America's in 1986.

More significantly, the US lead over Germany and Japan has narrowed to vanishing point. In 1984, the US GNP per head of $15,356 was 50 per cent ahead of both countries, but at today's exchange rates America's lead would be cut to less than 20 per cent in the *case of Germany and only* 4 *per* cent for Japan. Considering that US economic growth during 1985 and 1986 is almost certain to finish up below the growth rates in the other industrial countries, a more dramatic conclusion follows. America's GNP per head is bound to fall behind Japan's this year.

For the first time in history, the Japanese are now richer than their American trading partners. As for the Europeans, it would take a further rise of roughly 15 per cent in the D-mark and 25 per cent in the French Franc for these countries to overtake America again, as they briefly did, for the first time this century, in 1979 and 1980.

The precise figures which show America's dramatic relative decline, when they become available late in 1987, may initially be dismissed as little more than statistical curiosities. But the decline in America's relative economic standing will eventually be seen as more than a statistical illusion.

Even the currency markets have now woken up to the fact that the weak dollar of the late 1970s was not just an aberration. It was the soaring dollar of the first Reagan Administration that was the aberration, *while President Carter's falling* currency was the truer reflection of a long-term decline in the competitiveness of America's trading industries. The state of the US balance of payments now makes it most unlikely that the *currency* factor in the GNP comparison will turn to America's advantage in the *foreseeable future.*

But what about growth? Surely the underlying America's entrepreneurial dynamism will carry US GNP growth far ahead of the "museum economies" of Europe? Even if it were true that productivity trends were better in the US than in Europe —*and most of the statistical* evidence actually points in the opposite direction—growth is unlikely to keep American living standards much above Europe's in the coming years. The reason is again in the balance *of* payments.

As Mr James Baker, the US Treasury Secretary, now never tires of pointing out, the faster the US economy grows *relative* to the rest of the world, the further the dollar will have to *sink* in order to *improve* US trade balance. Thus the faster US growth could tend, if anything, to lower America's *relative* living standards.

This is not some statistical Catch 22, but a reflection of what used to be regarded as basic economic reality. In the long run, a country which wants to improve its living standards relative to the rest of the world, must stay ahead of the competition in the production and marketing of *tradeable* goods and services. This the US has signally failed to do in the last decade, for all the hooplah about its flexible markets and its entrepreneurial culture. Entrepreneurs are all very well, but a European-style industrial colossus may be preferable to a horde of small businessmen who make all their money by suing each other or even underwriting junk bonds.

Letters to the Editor

Milk quota ownership

From the President, Royal Association of British Dairy Farmers

Sir,—The battle of milk quota *ownership and compensation as* between landlord and tenant has dragged on for many weeks with the National Farmers' Union and the Country Landowners' *Association* at loggerheads. Meanwhile the Minister of Agriculture has recently steamrollered his proposals on the quota right of tenant dairy farmers—based on percentages —through the House of Commons. This association believes most strongly that ministerial legislation based on percentages is neither necessary nor desirable and can only lead to extreme unfairness to one side or the other.

Milk producers — *whether* landowners or tenants—having suffered two years of uncertainty and bewilderment which followed the imposition of milk quotas are now deeply concerned as to where matters now *stand*, while tenant producers are embittered in that *pending* legislation would indeed appear to be bad news for them. From the many calls that are being received from dairy farmer members it has become very clear that the great majority are tired of and disgruntled at the never-ending problems which are still occurring relating to quotas, and the association *believes* the *time* has now arrived when indecision and arguing must cease and common sense prevail.

It is true to say that practically every case relating to quota rights is different. Consequently it *is* the association's view that if any agreement is to be *achieved* it must be decided as between landlords and tenants themselves (or their respective agents) and based on "tenant right." In the event of them being unable to agree then the matter should go to arbitration for final settlement.

(Sir) William Henderson, FRS.
Roberts House,
Rossmore Road, NW1.

Museums and the Government

From Mr D. Mahon

Sir,—Antony Thorncroft's important survey (May 17) *of* the problems of our museums and the varied attempts which are being made to cope with them concludes by pointing out that the rejuvenated Museums and Galleries Commission, under the chairmanship of Professor Brian Morris, is trying to draw the different types of museum together into a powerful lobbying force.

It is much to be hoped that Mr Richard Luce, the Minister for the *Arts*, will take the step of specifically asking the Commission for its considered counsel at this critical juncture on the ways in which the Government can, for its part, help to "nourish this most important contributor to the national well being" (to quote Mr Thorncroft). Sometimes a positive ministerial initiative is required to get things moving; and there can be no doubt that Professor Morris and his Commission would be able and willing to respond constructively.

Among the topics which would be relevant but were not explored by Mr Thorncroft were the development of fiscal incentives (including giving publicity and encouragement to the facility *for* surrendering works of art in lieu of inheritance tax), and a re-examination in the light of recent worrying events of the machinery for monitoring the export of works of art.

Denis Mahon.
33 Cadogan Square, SW1.

Joining the EMS

From Mr B. Gould MP

Sir,—It is significant that none of those who have commented on my article (May 7) on the European monetary system has challenged my central argument that the pound is damagingly uncompetitive against the D-Mark at the current rate, and that to join *the EMS would* be to entrench this disadvantage as an act of deliberate policy.

Your correspondents choose to ignore this point because, it appears, they have persuaded themselves that an over-valued exchange rate is either irrelevant or is a positive advan*tage*—despite all the evidence, not least from our own recent experience, to the contrary. None seems to have noticed that when the Japanese Prime Minister failed to avert, at the Tokyo summit, even a temporary and marginal version of the condition which your correspondents *so* ardently wish upon us and which we have endured for so long, it was regarded as such a culpable failure as to threaten Mr Nakasone's survival!

The truth is that a competitive exchange rate is not a "debasement of the currency" or the removal of "a necessary discipline" or any other of the curiously emotive concepts which lie so oddly in the mouths of supposedly market economists (and which find *no* place in the thinking of those running far more successful economies than our own). A competitive exchange rate is, as common sense suggests, a crucial determinant of price in international markets and a precondition of our ability to compete in those markets.

Professor Maynard (May 12) is, of course, right to say that it is the real exchange rate which matters. In pretending that the nominal exchange rate does not affect the real exchange rate and pinning his hopes on productivity improvements and lower real wages, *however, he is backing a horse* which is not only trailing the field but steadily losing ground on its competitors. No one disputes the desirability of these remedies; it is how they are to be achieved that is in dispute, and our long experience of ineffective ministerial exhortation on the subject suggests that something is missing from Professor Maynard's prescriptions.

His error lies in his assertion that productivity can improve only against the discipline of a strong (for which read "over-valued") exchange rate. In this country, the discipline advocated by Professor Maynard has seen output per head of the working population actually fall by 5 per cent over the past ten years—a result which would have been thought impossible at any previous stage in our history. All the evidence is that real productivity gains against international competitors are *not* easily made in the conditions of contraction induced by over-valuation. Again, ask the Japanese.

It is politicians who have traditionally succumbed to the temptation of the short-term benefits to consumption offered by over-valuation.

Bryan Gould.
House of Commons SW1.

East-west, home's best ?

From Mr B. Cassidy, MEP

Sir, — *Your report (May 17)* of the views of company directors sampled by Audience Selection made rather depressing reading in spite of its headline "Directors 'optimistic over better business outlook.'"

What made it depressing was the revelation that concern with the UK market is still the principal preoccupation of 74 per cent of those interviewed in the sample. This in spite of the fact that for more than 10 years now we have been a member of the European Community with its domestic market of 320m people. Equally depressing was the low percentage (4 per cent) who favoured takeover by a European company as a way of revitalising ailing concerns. Your report did not reveal what the respondents to *the survey felt about takeovers* by British companies of European companies. I suspect that it would have revealed an equally low percentage in favour of those

It is hardly surprising that British manufactured goods have such a low share of the European market if so many heads of British companies gaze resolutely at their own domestic navels and do not take advantage of the economies of scale that the European Community market can offer. Significantly, Japanese management plans on a world-wide market. This is one of the reasons why *they are making such inroads* in so many sectors of the market not only in this country but in other member-states of the European Community as well.

As to takeovers by Continental groups, this might well be positively beneficial. Companies such as Olivetti, Moet Hennessy and BSN Gervais Danone have become *highly* successful European multinationals. It might be healthier for British industry if there was an injection of Continental expertise instead of the incestuous merger mania which grips the City of London.

By the same token, it would be better for the health of the European industry if cash-rich companies such as GEC were to direct their take-over energies towards France, Germany and other member states of the European Community rather than gobbling up companies like Plessey. The electronics industry in particular is one in which the Europeans, *not* just the British, are in mortal danger from the Americans and Japanese. National companies cannot hope to compete, pan-European ones might.

Bryan Cassidy.
The Stables,
White Cliff Gardens,
Blandford, Dorset.

Knocking copy

From Mr T. Cook

Sir,—Feona McEwan's article (May 15) perpetuates the popular misconception that the only restraints on comparative advertising are the Advertising Standards Authority and Independent Broadcasting Authority codes. Compliance with the codes could well avoid liability for defamation. But it is no defence to an action for trade mark infringement if in making the *comparison* a registered trade mark is used without the proprietor's consent.

Trevor M. Cook,
2, Grays Inn Square WC1.

FINANCIAL TIMES

Thursday May 22 1986

Experts set EEC terms for lifting food ban

By Quentin Peel in Brussels

NATIONAL experts from EEC member-states agreed yesterday that any relaxation in the ban on food imports from Eastern Europe following the Chernobyl nuclear disaster, would depend on the quality of information about radiation levels in those countries.

There was no general agreement among the 12 member-states on how to follow up the current ban, which expires on May 30, but the European Commission is expected to make its own proposals by Monday.

Radioactive traces in food products continue to fall throughout the EEC, although higher-than normal levels are still being reported from southern Germany, northern Italy, and the Netherlands, according to officials in Brussels.

The experts agreed that by the end of the month the problem of Iodine 131 in East European imports would be small, but traces of Caesium could still be too high. Caesium has a long half-life, unlike Iodine 131, and therefore can have a cumulative effect.

The experts failed to reach a unanimous agreement on possible control levels for East European imports could allow the import ban to be relaxed.

They heard that available information from those countries varied considerably, with Hungary providing the most comprehensive details and the Soviet Union and Poland providing very little.

Any change in the import ban will have to be agreed by the EEC Council of Ministers, including whether it should continue to apply to Yugoslavia.

All the East European countries have protested that it is discriminatory and an over-reaction by the EEC states to the radiation problem following the Chernobyl disaster.

IEA director calls for talks on nuclear safety

BY PATRICK BLUM IN VIENNA

DR HANS BLIX, Director General of the International Atomic Energy Agency, yesterday called for an early international conference to discuss nuclear safety and made a strong plea to governments to give the agency greater powers to expand its programme on safety.

Speaking at the special meeting of the agency's board of governors in Vienna, Dr Blix said: "The agency needs to adopt a comprehensive additional programme on safety and to do so without delay."

Yesterday's meeting was called at the request of West Germany to discuss the implication of the accident at the Chernobyl nuclear power plant in the Soviet Union last month.

Mr Boris Semionov, Deputy Chairman of the Soviet State Committee for Nuclear Energy, told delegates that the number of people who had died as a result of the accident was now 15. Asked to comment on whether some experiments were being carried out in the reactor at the time of the accident, Mr Semionov said: "I am not prepared to answer this question right now."

Dr Blix, in a speech that was well received by many delegates, outlined a long list of measures – emergency and long-term – that the Agency could undertake to reasure public opinion about nuclear safety and to improve international co-operation and the flow of information betweens states in the case of accidents.

But first he said it was important that there was a full and detailed analysis of the accident and its causes. The Soviet authorities supported that, he said. A special meeting of the IAED could take place before the summer to carry out such a post-mortem.

He called for a special conference to discuss measures to improve safety and, in particular, the establishment of an early warning system in the case of accident and emergency assistance. That should take place as soon as possible, he said.

Dr Blix suggested that such a conference could take place immediately after the agency's general conference in September. Its task would be to examine and adopt multilateral agreements covering the establishment of an early warning system and emergency assistance.

It should be open to the agency's full membership and to other relevant international organisations. A date could be set by the next meeting of the agency's board of governors in June.

He suggested an improved system of reporting range of activity levels through the establishment of a focal point, which would then pass on the information to other countries.

In a carefully worded statement regarding suggestions on establishing binding international standards for nuclear safety, Dr Blix suggested that governments could examine whether such binding minimum standards could realistically be worked out.

A less ambitious alternative, he said, would be to see if the existing criteria, under nuclear safety standards rules, could be transformed into mandatory minimum plans.

Enasa plans further injection of cash into UK truck unit

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

ENASA, the state-owned Spanish truck and bus producer, has injected another £3m ($4.5m) into its UK subsidiary, Seddon Atkinson.

The Odham-based heavy truck maker was acquired by Enasa in March 1985 from International Harvester of the US (since renamed Navistar). At that time, the overdraft due to Barclays Bank and a short-term loan of £4m due to IH's credit subsidiary in Britain was repaid from new finance provided by Barclays which also provided finance facilities of up to £2m extra into Seddon. Enasa put £2m of cash into Seddon at that time.

The latest accounts to be filed show that in the 14 months to December 31, 1984, Seddon reduced its net loss to £2.23m from £4.9m the previous year on a turnover up from £42.5m to £59.9m.

Mr Carl Levy, Seddon's chairman, said recently that the company did not return to profit last year but improved on the operating loss of £1.17m for 1984.

Mr Gerry Woodhead, Seddon's managing director, said the cash injection would help Seddon to meet demand after the launch of its new 16-tonne truck.

"Initial interest has exceeded our expectations. Deliveries of our 16-tonners should rise from 500 last year to around 800 this year and a 10 per cent share of this sector by 1987 looks achievable," he added.

● Mr Graham Day, who took over as chairman and chief executive of BL, the state-owned vehicles group on May 1, yesterday told the House of Commons Trade and Industry Select Committee that returning parts of the group to the private sector was not his main priority.

His first concern was "the financial health of the business" and getting it back into profit.

The Government had given him no directives when he joined BL but had simply asked him to develop a corporate plan which the board could support.

While privatisation of BL remained the ultimate objective for the Government and the board, "I am concerned that any deals must make industrial sense. Some units clearly can stand alone, others do not."

Mr Day parried questions from members of the committee about the advisability of selling off profitable operations from BL, thus leaving a loss-making rump

European plan for joint action on tax evasion

By William Dullforce in Geneva

INTERFIPOL is an abbreviation that may shortly be giving the financial directors of multinational companies a lot of extra work and possibly some headaches. It might also trouble individual taxpayers whose financial interests cross borders.

Delibarately echoing Interpol, the acronym for the organisation in Paris that co-ordinates at the international level national police forces' fight against crime. Interfipol is the term coined by officials for a draft convention under which European Governments would help each other to combat tax evasion and avoidance.

Copies of the draft have been released in Switzerland by the Swiss Investors' Protection Association. It has provoked questions in the Swiss parliament and generally hostile comment in Swiss newspapers.

Not surprisingly in a country in which tax evasion is not a crime although tax fraud is), the Swiss Government has already tabled serious reservations about the convention. So have Luxembourg and Liechtenstein.

The "convention on mutual administrative assistance in tax matters" has been pieced together over the last four years by committees of tax experts in the Organisation for Economic Co-operation and Development (OECD) and on the staff of the Council of Europe.

Its scope is wide. Contracting states would exchange information to help them collect taxes, enforce claims or initiate prosecutions covering "all forms of compulsory payments to general governments."

The convention is due to be presented to the OECD committee on fiscal affairs in July and to ministers in the Council of Europe in September. It invites the ministers to "open the convention to the signature of member-states."

The Swiss Government has criticised the convention for giving only "superficial, indirect and therefore inadequate treatment" to the protection of taxpayers.

The convention opens the way for an uncontrolled exchange of information (by officials) which would be unsatisfactory for both taxpayers' rights and for the states implementing it, the Government has complained.

THE LEX COLUMN

Their tankard runneth over

If all the brewers' market share estimates were totted up they would doubtless add up to a round 130 per cent. That is one explanation for the market share increases revealed yesterday by Whitbread and Bass, following hard on similar noises from Grand Metropolitan and Allied.

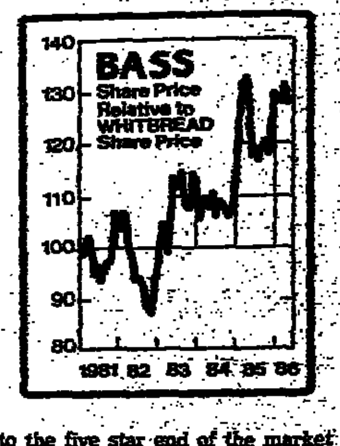
Whitbread seemed tickled pink by its 18 per cent profits advance when it released preliminary figures to a not exactly startled City yesterday. So it must have been galling to see Bass trundle in after lunch with an effortless 22 per cent interim advance, followed by a 22p gain in its share price to 790p, while the Whitbread A's stalled at 291p up 1p. At the pre-tax level Whitbread certainly did not let anyone down, but the tax charge is suffering from the phasing out of capital allowances so that at the net level Whitbread is less than 10 per cent up.

Bass and Whitbread are, more than any of their competitors, benefiting from heavy investment in the lager side of the business, where there is still some growth, and better margins than in ale. Bass has nosed ahead, with over 48 per cent.

Notwithstanding the restorative powers of lager, it is undeniably impressive that the brewers have been turning in such solid profits growth. Bass was still suffering distribution problems in the aftermath of the Runcorn dispute, while Whitbread's year covers one of the most dismal summers on record, and the sixth successive year of beer market decline.

That seemingly inexorable trend could now break. The statisticians, if not the meteorologists, are looking for a much drier summer. There are still the benefits to come from the budget, which by not revalorising duty on beer threw about £250m at the market, to combine nicely with the increase in disposable incomes as mortgage rates tumble.

This rolling stone could gather more moss for Bass, as Whitbread concentrates increasingly on expanding its US business to match the overheads it has set up over the pond. Whitbread's next big step in the US will be critical to its market reputation which is still suffering from the controversy – and loss of brands – surrounding the Buckingham acquisition. Conversely, Bass is considerably more exposed to the hotel business, although not



to the five star end of the market apparently favoured by US tourists in the good old days of air travel.

Hanson Trust

The grinding and winnowing process that follows a Hanson acquisition has yet to throw any part of Imperial Group back on to the market, but the wheels have been turning for only a month. SCM has, however, been in hand for a little longer, and the machinery is already doing its stuff. Following the routine disposal of a corporate headquarters for $36m, Hanson has now pulled in a further $160m from the sale of SCM's pulp and paper complex in Alabama. Not counting debt eliminated in this sale, Hanson has thus recouped about a fifth of its $930m cash investment in SCM.

There is, in addition, a pleasant though perhaps cosmetic uplift to the equity side of the balance sheet. Book values at Jackson Alabama prove to have been a long way short of the realisable. Hanson has thus $110m of book profit to add into shareholders' funds. And even in Hanson's present gorged condition that just about counts as a perceptible improvement in the balance sheet.

Ford/Alfa Romeo

Just as the British Government needs to sort out BL, the Italian Government has a difficult political problem with its public sector car company Alfa Romeo. Perhaps the Italians will prove the more decisive in doing a deal with Ford, even if yesterday's brief statement from the two sides left a lot to the imagination. Despite new management at Alfa there seems little chance of a return to profits this decade. Alfa's problems are those of the whole European car industry writ small: its two factories have insufficient work to fill one, and the politicians cannot face the consequences of closing either.

Ford could put more production Alfa's way, easing the overcapacity position, and at the same time increase its own share of the Italian market, now around 4 per cent without the benefit of local manufacturing capability. In return the Alfa name could be just what Ford is looking for in its home market, a zippy car evoking the great days of grand prix racing, as long as it can raise the quality to match the image. Joint ventures or mergers of the strong and the weak, like the tie up between Volkswagen and Seat, look the only way to a truce in the "car wars."

S & W Berisford

Somewhere on the road from Sugar Quay to Billingsgate, S & W Berisford seems to have undergone a sudden moment of illumination. Following the dark days when a chronically depressed share price made management think about leveraged buyouts for the commodity trading desk, and the more exciting times when shareholders could luxuriate in a succession of bids at far more comfortable levels, Berisford is now going back to basics. The hard truth seems to be that after Monday's monopolies references there is no longer any immediate alternative to a policy of sweating the business into a sounder shape.

With the tin disaster safely stowed in the 1985 figures there is every hope of considerably better results for the full year, even with British Sugar apparently doing no more than tick over. There are plenty of highly saleable assets to improve the liquidity of the balance sheet, and well-chosen disposals could quite significantly increase net worth. The City of London will need to decide whether it believes that the Berisford management has the capacity, as well as the will, to deliver the goods.

Probably this will be taken on trust; after the potential conflict between management and shareholders over the valuation of Berisford's parts, everyone now stands to gain by making the most of the whole.

Lorimar to pay $1.8bn for TV stations

By Paul Taylor in New York

LORIMAR-TELEPICTURES, the recently formed California-based TV and film production and syndication group, yesterday agreed to pay $1.85bn for seven US television stations. The stations are owned by two companies acquired by investor groups led by Kohlberg, Kravis, Robert (KKR), the New York-based leveraged buyout specialists.

Under the deal, Lorimar-Telepicturners, formed through the $300m merger of Lorimar and New York-based Telepictures in February, said it and a group of institutional investors planned to acquire six television stations from SCI Holding, parent company of Storer Communications, and one from Wometco Broadcasting.

The acquisitions would make Lorimar-Telepictures a large US broadcasting and entertainment group and the largest group affiliated to the CBS television network. Five stations – WJBK-TV Detroit, WJW-TV Cleveland, WAGA-TV Atlanta, WITI-TV Milwaukee and Wometco's WTVJ-TV Miami – are affiliated to the CBS network. KCST-TV San Diego is an NBC affiliate and the other, WSBK-TV Boston, is independent.

Lorimar-Telepictures, which said it was also acquiring other assets from SCI and Wometco, said the total price paid for the Storer properties was $1.445bn and that Wometco would receive $405m for its Miami TV station and property in Downtown Miami.

Both Wometco and Storer Communications were acquired in leveraged buyouts led by KKR last year.

UK minister rejects criticism

BY HAZEL DUFFY IN LONDON

MR PAUL CHANNON, the UK Trade and Industry Secretary, yesterday dismissed arguments put forward recently by some of his so-called "wetter" colleagues that the Government should adopt a more strategic approach to industry.

Undeterred by the most recent round of redundancy announcements, Mr Channon reaffirmed the role of government in industry as that of providing the economic framework in which management can be left alone to make its own decisions. His speech, before members of the British Institute of Management, was his first major policy speech since taking over as Secretary of State.

He said the key elements in the Government's industrial policy were the creation of the right economic climate. That meant maintenance of the fight against inflation – "an absolute precondition of our economic revival" – and the reform of taxation. While corporate taxation is lower than in any other industrialised country, personal taxation, particularly as determined by the higher initial tax rate and lower starting threshold, is higher than in most.

"That is why one of our key aims must still be to achieve further reductions in taxation," Mr Channon said, "for that is the way to provide the spur to enterprise and initiative which will lead to genuine, lasting jobs."

He denied that the Government's industrial policy amounted to "total laissez-faire," citing the work that the Department of Trade and Industry does in prompting industry into investing in new technology and co-operating on research and development as examples of where there is a role for government.

But he added: "It is not our job to try and guide industry in a direction the market does not wish it to go – and any attempt to do so is almost bound to fail."

With that principle in mind, he went on to reject the arguments put forward recently by some Conservatives, including Mr Michael Heseltine, the former Defence Secretary, for the Government to identify certain strategic industries where decisision did not always have to be made on a commercial basis.

"Such a belief is equally misguided," he said, "for once a company is prevented from doing what it believes to be in its best commercial interests, it is given a competitive handicap which, in the long run, may bring it down."

Areas where government does have a role, according to Mr Channon, are: to ensure fair play, which is the regulatory framework; export promotion, ensuring that exporters get the same help and financial assistance as their competitors; the adoption of new techniques and development of new products; and small firms.

London SE to computerise share transfer

Continued from Page 1

of share certificates from one investor to another via the stock market. At each stage in the process an expensive and time-consuming procedure of checking the necessary forms has to be followed.

Once a Taurus account-holder has authorised a transaction via computer, stock will move into and out of the relevant accounts to settle bargains. Taurus automatically reports the details of the transfer to the registrar of the company whose shares have been transferred and gives him dividend mandate instructions.

Taurus will not facilitate directly the transfer of money from share purchaser to seller. However, the process also is being simplified and computerised through the stock exchange's Institutional Net Settlement system, which will work in tandem with Taurus. The system will allow a large investor to make, or receive, a single payment to cover all its transactions and the stock exchange will act as a central clearing house.

The stock exchange is to press for changes in the Companies Act provisions regarding share transfers to be made to facilitate certificateless share ownership.

Kaunda 'may quit Commonwealth'

Continued from Page 1

shaken to the bone marrow," he said, adding that action by international banks could force change and minimise bloodshed.

"The time has come for us to accept that without effective economic and monetary sanctions, there is no way ... of bringing about change with less bloodshed."

Monday's raids had "torpedoed" the Commonwealth initiative, he said, on which he had been pinning his hopes. He did not share the belief of Mr Malcolm Fraser, the former Australian Prime Minister who is a member of the group, hat the initiative still had a chance of success.

From South Africa came what seemed an ambivalent response to the Commonwealth role. President Botha appeared to harden his stance against the ANC when he told the Indian House of Representatives in Cape Town that this week's raids were "only a first instalment." He told the Indian MPs: "We will continue to strike against ANC bases in foreign countries," and went on: "I give fair warning that South Africa fully intends to break the ANC."

However, Mr Pik Botha, yesterday told an Australian TV interviewer that negotiations with the Commonwealth group would "continue with all seriousness." He also repeated an offer to release Mr Mandela, if he renounced the use of violence.

The "eminent persons" group will keept to its timetable

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	25	77	Dubrovnik	S	26	79	Malta	S	26	79	Rhodes	S	23	73
Algiers	S	25	77	Edinburgh	F	11	52	Manchester	C	11	52	Rio de J'o	C	33	91
Amsterdam	F	17	63	Faro	S	20	68	Manila	S	34	93	Rome	S	25	77
Athens	F	26	79	Florence	S	29	84	Melbourne	C	14	57	Salzburg	S	27	81
Bahrain	S	38	100	Frankfurt	F	20	68	Mexico City	S	25	77	San Francisco	F	18	64
Bangkok	S	34	93	Funchal	C	18	64	Miami	C	28	82	Seoul	C	22	72
Barcelona	S	22	72	Geneva	R	17	63	Milan	S	29	84	Singapore	S	33	91
Beirut	-	—	—	Gibraltar	S	25	77	Montreal	R	12	54	Stockholm	C	21	70
Belfast	C	8	46	Glasgow	R	12	54	Moscow	C	19	66	Strasbourg	C	20	68
Belgrade	F	27	81	Guernsey	R	11	52	Munich	S	24	75	Sydney	F	20	68
Berlin	C	24	75	Helsinki	S	20	68	Nairobi	C	21	70	Taipei	R	24	75
Biarritz	S	18	64	H. Kong	R	25	77	Naples	S	27	81	Tangier	S	20	68
Bombay	F	32	90	Innsbruck	F	26	79	Nassau	C	30	86	Tel Aviv	S	25	77
Bordeaux	C	18	64	Inverness	R	10	50	New Delhi	C	34	93	Tenerife	F	21	70
Brussels	S	18	64	Islamabad	S	29	84	New York	C	22	72	Tokyo	R	18	64
Budapest	C	25	77	Istanbul	F	19	66	Nice	C	21	70	Toronto	R	12	54
B. Aires	F	18	64	Jakarta	C	31	88	Nicosia	S	24	75	Tunis	S	32	90
Cairo	S	27	81	Jersey	R	12	54	Oporto	S	17	63	Valencia	S	25	77
Cape Town	S	20	68	Jo'burg	S	22	72	Oslo	C	20	68	Venice	S	26	79
Caracas	F	29	84	Lima	S	23	73	Paris	F	17	63	Vienna	C	23	73
Casablanca	F	20	68	Lisbon	S	20	68	Peking	S	31	88	Warsaw	S	21	70
Chicago	F	14	57	London	R	12	54	Prague	F	21	70	Washington	F	17	63
Cologne	F	19	66	Los Angeles	S	26	79	Reykjavik	F	10	50	Zurich	C	19	66
Copenhagen	R	13	55	Luxembourg	F	17	63								
Corfu	S	27	81	Madrid	S	21	70								
Dallas	F	17	63	Majorca	F	25	77								
Dublin	H	9	48	Malaga	F	26	79								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Baker aims for reform of education

Continued from Page 1

Yesterday's changes do not resolve this debate, although Mr Baker clearly signalled that he will be arguing in this summer's public expenditure round for an increase in the education budget.

He said "no effort will be spared to improve our educational system and to move more schools, colleges and universities up to the level of the best."

Mr Baker paid tribute to Sir Keith's innovatory work, notably the changes in teacher-training, reforms in the examination system, the establishment of curriculum objectives and the commitment to raising standards for everyone, particularly the low achievers.

He added, significantly, that he would also "want to ensure that the resources are available to secure the success of these policies."

However, Mr Ridley is likely to take a different view as Environment Secretary. Mr Baker and other environment ministers had been expected to press for a significant increase in spending on housing and increased provision for local authorities, to avoid a repetition of this year's row over large wage rises.

In a speech on Tuesday, Mr Ridley had by implication criticised ministers who urged higher spending on education and health at the expense of lower taxes.

Similarly, last night Mr Nigel Lawson, the Chancellor of the Exchequer, warned a business audience in London that what people wanted was a better quality of service, not a higher bill for the taxpayer.

He warned against muddling the two, arguing that "spend a bit more here, a bit more there – and pretty soon it would not be a question of how much taxes can come down: it would be a question of how much taxes have to go up."

These arguments will come to the fore next month and in July following a submission by the end of May of departmental bids for additional spending.

Mr Ridley is highly regarded by the Prime Minister for his work on bus deregulation, privatisation and the Channel fixed-link in getting things done on time.

JOBS

How specialist bosses are valued in Europe

BY MICHAEL DIXON

"WHAT about the other workers?" The question has been voiced by numerous people over the past few days in train of the Jobs column's table a week ago showing the pay of certain types of top manager in 10 European countries.

Only three kinds were included: chief executives and directors of finance and personnel. As a result, a good number of readers in other managerial specialisms feel that they have been neglected.

Those who telephoned their complaint, at least, seemed to accept my excuse that there simply was not room last week for more than three kinds, and that the trio I included had as good a claim as any of the others. But the majority view was still that the overlooked types should be given redress this week.

Since the last thing the Jobs column would want to do is upset any reader in the slightest degree, I have accordingly worked out the table up there to the right which gives an idea of how the pay of a range of specialist-department directors in various lands relates to the pay of the same country's chief executives.

The number-crunching exercise has produced several results which surprised me. But before describing what they are, I had better explain how the table works.

Country	Rewards of median chief executive £	Rewards of median departmental directors as percentage of median chief's rewards: Sales %	Finance %	Marketing %	Research %	Production %	Personnel %	Engineering %	All depts. %
Portugal	14,274	78.0	84.8	83.2	81.7	80.7	80.9	78.2	81.1
Greece	21,500	73.8	82.2	74.1	—	76.9	72.2	54.9	72.4
France	54,930	74.0	73.3	73.4	66.7	70.8	63.3	63.4	69.3
W. Germany	63,168	80.5	72.4	72.8	66.0	67.1	62.4	59.8	68.7
Spain	40,812	69.0	75.4	68.6	62.1	65.0	66.9	71.5	68.4
Belgium	54,319	65.6	69.2	70.9	69.0	68.8	66.4	63.7	67.7
Italy	50,750	68.0	74.2	65.7	61.1	74.1	60.0	71.1	67.7
Netherlands	57,629	73.0	64.8	69.3	57.5	60.0	55.5	64.7	63.5
Switzerland	87,359	63.1	56.0	60.9	64.8	53.2	64.9	59.2	60.3
UK	43,180	70.0	63.2	64.3	61.1	54.0	56.4	47.9	59.6
All countries	48,792	70.6	68.8	68.7	68.3	64.6	63.1	62.5	66.6

It is compiled, as were last week's figures, from the survey made at the start of the year by Executive Compensation Service. Anyone wishing to know more about the study should contact Paul McCourt of ECS at Avenue Roger Vandendriessche 18 (Box 3), B-1150 Brussels, Belgium; telephone (02) 771 99 10, telex 65154.

Reading across from the left, the figures start with the sterling equivalent of the total money rewards, including bonuses as well as salary, of each country's median chief executive—the one who would be placed half-way in a ranking by pay of all in the same kind of job in the same country. The sterling equivalents are based on the exchange rates prevailing at the close of London markets last Monday.

The next seven columns show the percentages of the chief executive's pay represented by the total money rewards of the median director of each of a range of specialist departments.

The last column gives the average among the median directors of all seven departments.

Anybody why the specialisms are ranked from the left with sales coming first, finance second and so on, need only look at the bottom line of "All countries" figures. That line shows that, when the 10 lands are taken together, the typical sales director is valued highest at 70.6 per cent of the typical chief executive. Next is the finance director valued slightly higher than the counterpart in marketing who is followed respectively by the heads of research, production, personnel, and engineering.

The reason why the countries are ranked from the top with Portugal first, Greece second and so on, lies in the "All departments" column on the far right. That shows how the departmental directors as a bunch are valued in each of the lands in relation to the value set on the chief executive — which brings us to the first of the things that surprised me.

In the United Kingdom, specialist heads as a whole turn out to be rated at less than three fifths of the worth of the typical chief. Everywhere else they are valued higher, albeit only marginally so in Switzerland.

Far be it from me to provoke boardroom revolts on the grounds that UK chiefs pay themselves over the odds, particularly as my figures are drawn from only one survey which cannot be assumed to reflect the real state of pay in the countries covered. Besides, even if it does, the reason for the UK position may be not so much that the chiefs are overpaid as that the departmental directors are underpaid.

Another outcome I did not expect is that in most cases the action-centred craft of selling is rated higher than the more intellectual activity of marketing. Moreover, my previous suspicion that it is the finance specialism which tends to hold the whip-hand over UK concerns is pleasantly refuted by the finding that the finance chief is typically rated below the directors of both sales and marketing.

One thing about the British picture which worries me although it doesn't surprise me —I have known about it for a long time — is the strikingly low value characteristically placed on the UK engineering directors. Why they, unlike their counterparts elsewhere, should be typically rated at less than half the worth of a company chief is a perplexing as well as important question.

The answer usually given by Britain's engineers is that the country's industrial aristocracy does not understand and so overlooks the importance of the engineering function.

But it might equally be argued that UK engineers are mostly the products of an educational tradition by which engineering courses tend to concentrate far more on the theoretical aspects of the craft than equivalent courses do elsewhere, and less on identifying and developing students' practically creative talents such as those entailed in successful design work.

In that case the reason why they are rated so low may be that they are not equipped to deliver the goods which are needed.

UK Corporate Lending and Business Development

£30-£40,000 etc.

Our client is a very substantial European Bank, based in the City. It now perceives the opportunity to develop its UK corporate loan book and has retained us to recruit the Senior Officer to be responsible for the project.

Probably aged 35-40, you must have current in-depth marketing and lending experience in a Commercial Bank of substance, as well as the management skills to run an effective team, doing profitable quality business with established, blue-chip clients.

Terms offered are fully comprehensive and include a salary up to £40,000 plus full range of banking benefits. There are excellent prospects of wider responsibilities once the venture has been successfully launched.

Please send a detailed c.v. including contact telephone numbers, in strict confidence to Peter Wilson, FCA at Management Appointments Limited (Search and Selection Consultants), Finland House, 56 Haymarket, London SW1Y 4RN. Tel: (01) 930 6314.

MAL
Management Appointments Limited

MIKE POPE AND DAVID PATTEN PARTNERSHIP

Bank Recruitment Consultants

Director Personnel (45/52)	£75.000 +
Treasurer (40/48)	£50.000 +
Senior Spot Dealer (27/35)	to £35.000
FX Dealers (to 30)	to £25.000
Futures Dealer	to £23.000
DOC Credits Manager (30/45)	to £20.000
C. D. and Deposit Dealer (to 30)	to £20.000
Credit Analysts	to £14.000
Advances Officers (AIBs)	to £13.000

Please Phone:

Mike Pope or Chris Wingfield
01-247 8314
Bank Chambers
2nd Floor, 214 Bishopsgate
London, EC2

UNIVERSITY OF WARWICK
LECTURESHIPS IN INDUSTRIAL AND BUSINESS STUDIES

The School of Industrial and Business Studies is currently being expanded and the University wishes to appoint new lecturers. Two posts are available at the moment but further posts are likely to be created over the next few months.

Applications are encouraged from candidates with any relevant expertise. Subject groups to which successful candidates might be appointed are as follows:

Accounting and Finance
Industrial Relations
Marketing and Strategic Management
Operational Research/Systems
Organisational Behaviour
Production/Operations Management
or to the Small Business Centre.

The salary will be on the full range of the Lecturer scale: £8.020-£15.700 p.a.

Further particulars and application forms are available from the Registrar, University of Warwick, Coventry CV4 7AL (0203 523627), quoting Reference No. 43/2A/85/M. Closing date 10th June 1986.

Major Accepting House

Pension Fund Manager

We have been retained by our Client's Pension Fund Management company to advise on the appointment of an additional Fund Manager to be immediately responsible for the running of portfolios. This side of our Client's business accounts for the major part of total funds under management and therefore performance is of key importance.

They therefore wish to appoint a graduate whose career to date can demonstrate above average performance and who has ideally had experience of research into UK companies. He/she will be in their late 20's or early 30's, and capable of making a positive contribution to performance at the stock selection level in general and UK equities in particular.

The ideal candidate should be able to demonstrate a successful track record in fund management, not necessarily in gross funds. He/she will possess a high degree of communication skills and self-confidence necessary to liaise with existing clients.

The remuneration offered will be competitive, negotiable in line with age and experience and in addition to the usual banking type benefits will include a share of profits based on performance.

Please reply in the first instance to Keith Fisher, quoting Ref. 654, at Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 8355.

Overton Shirley & Barry
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

Sustain Consistent Growth!

★ Investment Analysts
To £30k + Benefits

★ Young Equity Dealer
c.£20k + Benefits

My client, the City-based U.K. subsidiary of a well-known international Finance and Investment organisation has enjoyed consistent and rapid growth over recent years and currently wishes to expand its U.K./European Equity Department.

As one of two INVESTMENT ANALYSTS (Ref: 1067) now sought, you will carry out varying analysis tasks within the Department relating to a wide distribution of sectors, notably involving "blue chip" U.K. and European Stocks. Experience in the investment field, possibly from within a U.K. Broker's research team or Pension Fund management environment, is therefore essential and you are likely to be a Chartered Accountant/Economics Graduate or similar. Age, mid-late twenties preferred.

If selected to fill the position of EQUITY DEALER (Ref: 1068), you will assist in taking client instructions and executing trades in major U.K./European/Scandinavian stocks with a view to making a market and minimising dealing costs. Probably in your mid-twenties, you must demonstrate at least 2 years' relevant exposure to a British Equity dealing environment, probably gained in a London-based U.K. or European broking house, and be eager for greater responsibility.

In both instances, a sense of perspective and humour, and high degree of self-motivation, confidence and team-orientation, are essential personal attributes. Salary packages are negotiable as indicated and a very comprehensive range of normal banking benefits are offered, including Mortgage Subsidy, Personal Loan Facility, etc. Future career prospects are exceptional.

Interested? Then, clearly indicating for which position you are applying, ring or write (in total confidence) to me, Richard J. Sowerby, Sowerby's (Selection) Ltd., Personnel Consultants, 500 Chesham House, 150 Regent Street, London, W1R 5FA. Tel: 01-439 6288.

Sowerby's Selection

Guinness Mahon, the Accepting House at the heart of the Guinness Peat Group is looking for a number of people to join lively teams in three areas where the bank has already developed a successful market presence.

PROPERTY BANKER

We are looking for an experienced property specialist to augment our team of bankers and surveyors.

Guinness Mahon has considerable business in the whole range of property transactions including:– major syndications, lending, equity participation and joint ventures. The property team also manages a successful development company with a net worth over £10m.

This is a tremendous opportunity for a creative banker with a detailed knowledge of the property market.

PROJECT FINANCE/SHIPPING

We have a vacancy for a Manager in our Project Finance team.

The position will involve responsibility for the Bank's shipping portfolio and initiating and closing innovative project finance transactions which may not be shipping related.

The ideal candidate will be a graduate with several years' experience in shipping finance who now wishes to change and broaden his or her career. Proven new business abilities will need to be coupled with experience and understanding of detail and documentation.

CAPITAL MARKETS/SYNDICATIONS

Guinness Mahon's increasing expansion in the capital markets and syndications areas has created a requirement for a high quality individual to join the Capital Markets side of the bank at manager level.

The person we are looking for is probably 27-30 years old, with a university degree and several years' experience in an Accepting House or International Merchant Bank, working in Capital Markets or banking areas. This opportunity would suit a highly self-motivated individual who enjoys generating and working on innovative transactions with a team of like-minded people.

Attractive remuneration packages are offered for all these positions and continued success will generate high rewards.
Please apply in writing with a full c.v. to:

Veronica Burwood, Guinness Mahon & Co. Limited, 32 St. Mary at Hill, London EC3P 3AJ.

Guinness Mahon

Sales Marketing U.K.

(SPECIALISED PRODUCT)
£25K-£35K
FOREIGN EXCHANGE INFORMATION SYSTEM

Our client – a small international marketing company is looking for a person to fill the position of Sales Manager U.K.

This position entails the Sales and Marketing of a sophisticated computerised Forex system to the U.K. Banking market and to assist in the promotion and marketing of the product worldwide.

The ideal candidate should have had experience in or knowledge of the foreign exchange/money market area, preferably as a dealer/trader within the larger dealing room environment.

A knowledge of other currency contracts would be an advantage.

A basic remuneration package of £25K includes car, pension scheme, BUPA etc., however, with an unlimited sales commission plan, average earnings are estimated circa £35K per annum.

Send personal details (C.V. or other) in first instance to:

The Recruitment Manager, Norcontel Limited, 97-99 Park Street, Mayfair, London W1Y 3HA.

Norcontel

KITCAT & AITKEN & CO.

We specialise in a number of sectors in the UK equity market, such as transport, insurance, stores, holding companies and overseas traders, where we aim to be among the top ranked brokers in terms of analytical ability and market share.

As part of the continuing process of further strengthening our existing areas of expertise and developing related sectors, we are looking for individuals whose application, ability and initiative can make an impact on our future and we are prepared to reward them comprehensively.

We are looking specifically for:—

Electrical Analyst
Someone with substantial experience, particularly of defence related companies to strengthen our position in this area.

Property Analyst
To extend our research coverage into this area. We are looking for an experienced analyst, perhaps a number two in another team wishing to make an independent mark. We will also consider qualified applicants from the industry.

Industrial Holding Company Analyst
To play an important role in our very successful team. Experience with a broker or institution and in the analysis of the relevant companies is preferable.

Transport Salesperson
To join our top ranked shipping and transport team we are looking for a young and articulate institutional salesperson. Experience within the sector is less important.

Institutional Equity Sales
We would like to increase our coverage of institutional clients by recruiting several additional experienced equity salespeople. While we are keen to talk to experienced salespeople with established institutional client lists, we are also prepared to consider younger applicants.

Please contact:

Michael Oliver — Equity Sales
Bruce Jones — Electrical and Holding Cos.
Alan Kelsey — Transport and Property
KITCAT & AITKEN & COMPANY
A Member of the Royal Bank of Canada Group
17th Floor, The Stock Exchange, London EC2N 1HB
Tel: 01-588 6280

Gilt Edged Trading

Our client, a leading gilt-edged trading firm is expanding its operations and is looking for two professionals to augment its present trading team.

Applications are invited from candidates with trading experience in the gilt-edged or fixed income markets.

Remuneration is negotiable and will reflect the seniority and performance of the individual with excellent prospects within a fast expanding company.

Confidential Reply Service: Please write with full CV quoting reference 2034/RS on your envelope, listing separately any company to whom you do not wish your details to be sent. CVs will be forwarded directly to our client who will conduct the interviews. Charles Barker Recruitment Limited, 30 Farringdon Street, London EC4A 4EA.

CHARLES BARKER
ADVERTISING·SELECTION·SEARCH

Stockbroking
Specialist Sales Chemical/Financial

A large long-established firm of City stockbrokers has a requirement for two executives experienced in sales to augment their teams covering the chemical and financial sectors. With the additional strength provided by their parent company, an international banking group, the firm is well placed to take advantage of developments in the financial markets.

Candidates, ideally aged around 30, will be working currently with another stockbroker or in a related industry. Starting salary will be up to £25,000 plus a generous performance related bonus. Other benefits include a three year contract.

Please reply in the first instance giving brief career and personal details to K. G. Jermey of The Welbeck Group Limited, 25 Haymarket, London SW1Y 4EN who are advising on the appointments.

The Welbeck Group Limited

SENIOR DEALER (MONEY MARKETS)

Salary Negotiable

The Halifax is recognised as the World's No. 1 building society and now seeks a Senior Dealer for its Treasurer's Department based at Head Office in Halifax. The successful candidate will be required to have knowledge and experience to join a team which has already developed initiatives in the capital markets and will be required to play a major part in the continued expansion of the Society's Treasury operations.

Liquid funds invested now exceed £4 billion and the Society also has a substantial presence in the wholesale money markets. The person appointed will be involved primarily in CD, Bill and Deposit dealing and relevant experience in this area is essential. A professional qualification would enhance future prospects.

In addition to the salary the post carries a substantial range of benefits including pension scheme, life assurance, subsidised mortgage facilities, BUPA and a full relocation package (if appropriate). Candidates should apply in confidence with a full CV to: General Manager Personnel & Services, Halifax Building Society, PO Box 60, Trinity Road, Halifax, West Yorkshire HX1 2RG.

An equal opportunity employer

HALIFAX
BUILDING SOCIETY

COMMODITY TRADER

A young person, with experience in Trading in Physical Commodities, is sought by an International Trading Company to create the U.K. arm of this Swiss-based group.

Proven management potential as well as the ability to work with a "shirt-sleeves" approach is essential as the successful candidate will be required to build the operation from "scratch." The choice of location will be left to the appointee, although South-East England is preferred and proximity to an International Airport is essential.

Benefits will be negotiable but will include a results-related bonus and the expected fringe benefits associated with a position at this level, as well as a fixed salary.

Applications for initial interviews, which will be conducted in London, should be accompanied by a full career history with details of present earnings and should be addressed to:

Box A0142, Financial Times
10 Cannon Street, London EC4P 4BY

Director

Shipping Conference

Our client is a conference which agrees and administers terms of service for sixteen shipping lines operating between Europe and the West Coast of South America. The conference secretariat is located in Kingston-upon-Thames.

Reporting to the conference chairman, the director will be responsible for the implementation of policies formulated by the member shipping lines. The position will encompass the operational management of the conference secretariat including budgetary preparation and control, conference committee work, supervision of secretariat staff and general liaison with member lines, customers and external agencies. International travel will be required.

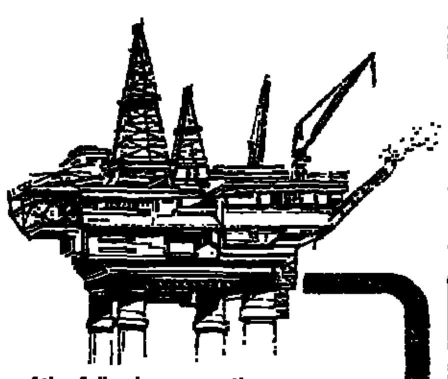
Ideal candidates will be aged around 40, with senior level business experience. Previous involvement in shipping or transport operations is desirable. The ability to communicate in Spanish would be an advantage.

Remuneration: circa £30,000 plus an executive car and a comprehensive benefits package.

Please reply in confidence to: D J M Weir (ref 3311).

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

We want the best resources in Oil and Gas.

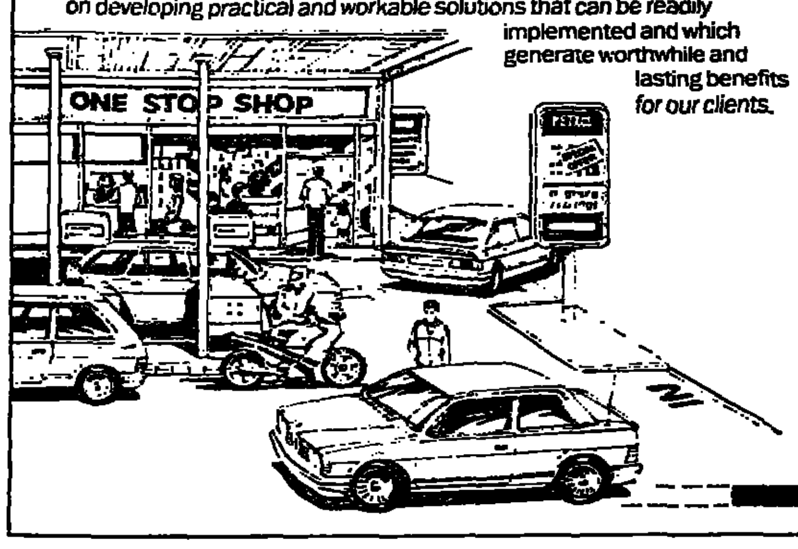


Can you meet the challenge of a changing environment?

Price Waterhouse is one of the leading management consultancy practices in the UK with an extensive and successful track record in the energy business.

Our work in the oil industry spans both upstream and downstream operations and is growing all the time. As a result we are currently seeking high calibre specialists to join our team.

Your work with us will be challenging and varied. The emphasis will be on developing practical and workable solutions that can be readily implemented and which generate worthwhile and lasting benefits for our clients.



If you are an expert in one or more of the following areas then we would like to talk with you.

- Information technology (particularly retail applications)
- Maintenance systems
- Marketing
- Project management systems
- Telecommunications
- CADCAM
- DP strategy review
- Operations planning and control
- Financial and accounting systems

Additionally, we are interested in hearing from people with management or previous consultancy experience involving budgeting and cost control, management information systems and human resources.

For high achievers, the opportunities for career advancement are excellent. The rewards include a negotiable salary up to £30,000 including a company car for the more senior appointments. If you feel you can match the challenge, are in your mid 20's to mid 30's, are prepared to work out of PW offices in Aberdeen and Stavanger as well as London, then please write quoting reference MCS/8408 to Michele Deverall

Price Waterhouse, Management Consultants,
Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse

KLEINWORT BENSON INVESTMENT MANAGEMENT

Portfolio Manager

European Markets Aged 24-30

On behalf of our client Kleinwort Benson Investment Management Limited, we are seeking to recruit a Specialist with experience of research/portfolio management covering the major European countries. This represents an additional appointment to the existing team which is being strengthened in reaction to the growing importance of investment in this area. The successful candidate will manage his/her own specialist portfolios as well as give in-house advice to other managers – pension fund, unit trust and private client. A certain amount of foreign travel is envisaged.

Aged 24-30, probably a graduate, applicants will have gained their experience in a Merchant Bank, Unit Trust Group or Major Stockbroker, maybe having developed from UK equities into the European Markets. Ability in one or more European languages would be an advantage.

This post represents a major opportunity, particularly in the context of the important changes within the Group which will take place this year, and which will widen still further the scope of the work involved. A generous salary/benefits package is offered.

Please write, enclosing a CV, to: E. St. V. Troubridge, Kynaston International, 17-19 Maddox Street, London W1R 0EY. Tel: 01-629 3727.

KYNASTON INTERNATIONAL

EUROBOND SALES

A leading US Investment Bank, which has recently strengthened its Eurobond sales team, is now looking for an experienced Eurobond Sales professional, with at least a year's experience of selling to European Institutions. The ideal candidate will have worked with a variety of instruments, and will have good language skills. As our client is intending to develop a new geographical area, the position will be more than usually demanding. The basic salary will match current market levels and the benefits package is extremely generous.

SWAPS SPECIALIST

A major British Merchant Bank is expanding its Swaps team – which already has an established reputation in the market. We would like to hear from people with experience of Currency and Interest Rate Swaps, Asset Swaps and, ideally, a good understanding of new Capital Market products. There's a great deal of technical/strategic responsibility in the position, and it is likely that the successful candidate will have a degree in Mathematics (or a similar discipline). The salary and benefits package is generous by present standards, and has been designed to attract candidates of the highest calibre.

To talk about these opportunities, for more general discussion on market prospects, or to arrange an exploratory meeting in our City offices, please ring either Caroline Baker (01-493 5788 during the working day, 01-261 9119 in the evening) or Malcolm Lawson (01-493 5788 during the working day, 0444-73216 in the evening). Alternatively, send us your full career details.

LINK 13/14 Hanover Street, London W1R 9HG. Telephone 01-493 5788.
City Search & Selection

Charterhouse Tilney

Member of the Stock Exchange

As a new member of the Royal Bank of Scotland/Charterhouse Group, Charterhouse Tilney are seeking to expand their institutional and private client/fund management businesses. A number of outstanding opportunities now exist for experienced people.

Institutional Department

Investment Analysts/Research Teams who like the prospect of easy commuting and the quality of provincial life will be attracted to the Liverpool Research Department. They are also seeking to recruit Analysts/Research Teams and Institutional Sales people in the new London office at Paternoster Row.

Private Client/Fund Management Department

They are also looking for experienced executives for the offices in Liverpool, London, Shrewsbury and Altrincham. They intend to expand the branch office network and would also be very keen to hear from individuals, teams or firms in other areas who would benefit from the central research dealing, on-line valuations and other services.

Relocation facilities are available where appropriate. Interested applicants should contact **Timothy Jury, ACA on 061-228 0396 at Michael Page City, Clarendon House, 81 Mosley Street, Manchester M2 3LQ or Nick Root on 01-404 5751 at Michael Page City, 39/41 Parker Street, London WC2B 5LH.**

MP
Michael Page City
International Recruitment Consultants – London Brussels New York Sydney
A member of the Addison Page PLC group

JAMES CAPEL & CO.

CONVERTIBLE SALES

We require an additional Institutional Convertible Sales Executive, or a Fund Manager with a thorough knowledge of the Convertible market, to join our team in this fast-growing area.

Applicants should have at least 2 years relevant experience and ideally possess an established client base. A competitive salary will be offered, together with excellent bonus prospects, non-contributory pension and other benefits.

If you think you can contribute to our growth please write in confidence, with details of career to date, to Mr. D. Schulten, Personnel Manager, James Capel & Co., at the following address:

James Capel House,
P.O. Box 551,
6 Bevis Marks,
London, EC3A 7JQ.

MSA Mark Stevens Associates
EXECUTIVE SELECTION/SEARCH

HEAD OF SECURITIES— UK and FOREIGN

30-35 years to £25,000 p.a.

Our client, a major international bank with a substantial London presence, wishes to recruit a new head for their busy securities department.

Reporting to the divisional head, (and ably supported by two excellent deputies) the appointee will be responsible for the day-to-day management and motivation of a department of fifteen, dealing with consistently high volumes of both U.K. and Foreign securities, in addition to U.K. dividends and rights issues, contracts and settlements.

The ideal candidate will be a mature, articulate individual with proven man-management skills, a comprehensive knowledge of the workings of the stock markets, and extensive experience of running a busy securities department within a banking environment. Previous exposure to computerised systems is essential, as is the ability to liaise with the bank's systems support group in the development of new methods.

A competitive salary will be offered to the right person, in addition to which our client provides arguably the most attractive benefits in the City, including not only mortgage assistance and an annual bonus, but also free lunches and travelling expenses.

If you believe that you meet the above criteria, and you'd relish the chance to put your management skills to full use, please contact Carol Plummer or Mark Stevens on 01-236 3484 in strictest confidence, or send a copy of your C.V. marked "Private & Confidential."

32-36 Fleet Lane, London EC4M 4YA
Telephone 01-236 3484

merseyside enterprise board ltd

CHIEF EXECUTIVE

C. £25,000 + BONUS

MERSEYSIDE ENTERPRISE BOARD LTD.

The Merseyside Enterprise Board Limited provides development finance for companies able to demonstrate commercial viability and who have a commitment to creating and sustaining employment on Merseyside.

Following the unfortunate and untimely death of our Chief Executive, Mr. Ron Osborne, the board wishes to recruit a first-class replacement.

As Chief Executive you will be accountable to a board of directors for a multi-million pound investment fund. In addition to its main fund, the board is well advanced in raising funds for a new unit trust which is under the chairmanship of Sir Leslie Young.

You will be responsible for the management of the board's investments and you will identify and evaluate investment opportunities backed by a strong professional team.

Ideally, a chartered accountant with proven industrial or commercial management experience you must be able to demonstrate an innovative and broad-based approach to investment backed by a commitment to the long-term improvement of Merseyside.

In addition to an attractive salary and bonus scheme based on the unit trust's performance, a car allowance and pension scheme are operated by the board.

To apply please write with c.v. in strictest confidence to:

Mr. John Duncan, Chairman,
MERSEYSIDE ENTERPRISE BOARD LTD.,
Third Floor, Royal Liver Building, Water Street, Liverpool, L3 1HT.

Applications to arrive by Monday, 9th June 1986.

INVESTMENT ADMINISTRATOR

BRISTOL

In the past 5 years the assets of the DRG Pension Fund have risen from £120M to £270M, with further significant growth anticipated. The fund is managed in-house in accordance with strategy determined by the Directors of the Trustee Company.

This important role is part of a small team and offers comprehensive involvement in all aspects of pension fund investments.

The ideal candidate will have several years experience in the administration of Stock Exchange Securities and will administer the investments of the Fund, as well as reconciling individual accounts. A working knowledge of computerised systems will be an advantage.

Salary will reflect the specialised nature of the work and benefits include relocation help. Career development potential is good.

Please write with CV to J. D. Maddocks,
Staff Manager,
DRG plc,
1 Redcliffe Street,
Bristol BS99 7QY.

DRG is an equal opportunities employer.

DRG

CREDIT ANALYST

The Bank of New York, London Branch is seeking to recruit a credit analyst wih 2-3 years experience.

The successful applicant will join the credit department which provides direct support to the branch's business development group. The department analyses credit proposals for major U.K. & European corporate business including companies in the Oil & Gas & Commodity sectors. Specialist knowledge of these areas would be an advantage but is not a requirement.

The work of the credit department is expanding as a result of the growth of the branch's corporate business.

This is an attractive and rewarding opportunity to join an expanding group in an old established New York Bank with a history of successful growth.

Applications, including full C.V., should be sent to:—

Mrs D. Hawker
Personnel Administration
The Bank of New York
147, Leadenhall Street
LONDON, EC3V 4PN.

Tax Manager
Legal background
Salary c. £17,500 + car
Oxford

The Tax Department of British Printing & Communications Corporation plc consisting of four specialists, deals with the UK and international tax affairs of all members of The Pergamon/Mirror/BPCC Group. Due to continuous Group expansion the Department now needs an additional person to be responsible to the Group Tax Manager for compliance and to assist in connection with new acquisitions.

Candidates should have a sound background in corporate taxation and some legal experience. Solicitors or Barristers who have moved into the taxation field would be particularly suitable.

The post will be located in pleasant offices on the outskirts of Oxford.

Written applications, together with a full c.v. should be submitted to Dr. M.D. Buller, Group Taxation Manager, British Printing & Communications Corporation, Headington Hill Hall, Oxford OX3 0BW.

The British Printing & Communications Corporation PLC

FRA'S/FWD'S/SPOTS

Due to expansion, a well established international merchant bank, requires experienced dealers in the above disciplines. On the fx side, a minimum of 4yrs experience is sought and this should have been gained with active & aggressive, although not necessarily large, dealing rooms. The FRA dealer should have at least 2yrs experience and be able to demonstrate an excellent knowledge of the market coupled with sound dealing experience. The bank may be considered as having a respected market name and this, coupled with innovative senior management, offers the appointees excellent career prospects and potential. Remuneration will be negotiable and will reflect the importance of the job.

DEPO'S/TREASURY INSTRUMENTS

Our client is a leading Arab bank who have shown considerable growth and have an enviable international reputation. Due to expansion and reorganisation they wish to recruit a deposit dealer and a treasury instrument dealer to complement the existing high quality dealing team. The depo dealer should have c3yrs relevant experience, preferably in Swiss, $ and DM. Proficiency in a European language in addition to English is desirable.

The Treasury instruments dealer should have a sound practical knowledge of FRA's, swaps and financial futures etc.

Total remuneration will reflect the importance of these positions with base salary in the region of US$50,000 and US$60,000 respectively. The appointments are based in Kuwait.

Roger Parker Organisation

65, London Wall
London EC2 5TU
01-588 2580 Telex 881725 CITLON G.

Jonathan Wren

GILT-EDGED MARKET MAKER

Our client, one of the largest Accepting Houses, seeks to increase the strength of its Gilt-Edged team for its primary dealership. Our client wishes to appoint a market maker for its new subsidiary, running the book in medium Gilts, working closely with the sales and research team absorbed from the company's stockbroking acquisition. The bank is committed to a serious presence in the Gilts market.

The successful candidate is likely to be aged between 25 and 35 years and will have at least 3 years experience in the Gilts markets as a market maker with a Gilt jobber.

A very competitive salary, together with attractive bonus scheme, car and other banking benefits are offered.

For further details, in strict confidence, telephone or write to Mark Forrester, Director, Merchant Banking Division at the address below, stating any banks by which you would not wish to be considered.

All applications will be treated in strict confidence.

SYDNEY — Jonathan Wren — HONG KONG
Recruitment Consultants
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

Capital market experience?

From the back office... to the front line in a customer liaison role

The City to £20,000

You are probably working in an administrative function in a bank or major financial institution, and have a detailed knowledge of capital markets and, or other debt instruments. If so, take this opportunity to move into customer contact.

Our client provides a complete financial information service to the financial world through its publications and high-speed access to its financial database.

As Database and Customer Support Manager, your major responsibility will be to ensure the accuracy and quality of this information utilising both internal and external sources. In this dual role, you will manage a small team supervising the entry of the information onto the database... liaise closely with clients and deal with their queries... and ultimately provide both a pre and post-sales support function.

Probably a graduate, aged 27–35, you must have excellent interpersonal skills coupled with management ability. A familiarity with computer systems would be advantageous.

To apply, please send a brief cv or telephone Dana Clark, Technology Group, for an initial discussion, quoting Ref: MVA7/9857/FT.

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Increased independence in a prime financial institution...

PORTFOLIO MANAGER
U.K. EQUITIES

On behalf of the international investment arm of one of the world's largest banks, we seek an ambitious UK Fund Manager for a key rôle within a fast expanding department.

He/she will take sole responsibility for the management of UK equity portfolios, working within a small team investing substantial institutional funds. The appointment offers exciting opportunities for career advancement in a professional fund management environment.

Candidates should have at least two to three years' experience in UK equity fund management, coupled with good communication skills and the ability to contribute usefully to group policy discussions. University or professional qualifications are desirable, but not essential — *more* importantly, our client seeks an individual of evident potential who has the ability, enthusiasm and personality to win the respect of colleagues and clients.

Remuneration — including the generous fringe benefits to be expected of a leading bank — will fully reflect the importance of this rôle in an expanding environment where performance is recognised and rewarded.

In the first instance, please contact Ken Anderson. Telephone 01-588 6644, or send a detailed Curriculum Vitae in confidence to the address below.

Anderson, Squires Ltd.,
Bank Recruitment Specialists,
127 Cheapside, London EC2V 6BU

Anderson, Squires

JAPANESE EQUITIES

Geoffrey Morley & Partners are specialist pension fund managers offering a performance product in equities. The existing client base has assets exceeding £1 billion.

Our controlled expansion programme calls for an additional fund manager with 2-3 years' experience of managing Japanese equities. Prospects for advancement are excellent.

If you think you might prefer the specialist environment and are sufficiently talented to play a full part in our team work approach please write with CV to: Keith Thomas, Director, at the address below:

Geoffrey Morley & Partners Limited
The Independent Pension Fund Managers
16 Southampton Place London WC1A 2AJ
Telephone 01-242 4441

SWINDON
An equal opportunities employer

Director of Economic and Social Development

Total package up to £30,000

The transformation of Swindon from a one-industry town to a recognised modern business centre has been achieved in some thirty years with Thamesdown and Swindon Borough Councils taking a leading role in initiating and carrying through commercially successful and large scale development.

In anticipating the next stage of growth and the resulting community needs, the Council has formulated a "New Vision Strategy". This places the emphasis largely on private sector developments, to provide a well balanced social and economic environment.

The purpose of this influential new role is to develop these plans and lead their implementation. Reporting direct to the Chief Executive, you will have extensive contact with Directors, Officers and Council Members. Externally, your contacts will be with Chairmen and Boards of Directors, financial institutions, private developers and central government.

This is a demanding, top level appointment calling for a blend of commercial enterprise and social responsibility. Specifically you will have a wide knowledge of business practice, finance and budgeting, strong marketing flair, leadership and motivational skills. You will also be aware of the social implications within an expanding community – housing, schools, leisure, shops and transport – and ensure that plans for these facilities satisfy both utility and aesthetic values.

A high level of achievement in a senior public or private sector role is essential, coupled with a sensitivity to the spirit of the Borough and its development into the 21st Century.

Benefits include generous relocation expenses.

For an information pack and application form, please telephone Swindon (0793) 610202 (24hr answering service). Completed application forms in envelopes marked "Appointment of Director of Economic and Social Development" to be returned by 2 June to the Director, Management and Personnel Services, Thamesdown Borough Council, Civic Offices, Swindon, Wiltshire, SN1 2JH.

We welcome applications irrespective of race, sex or disability.

Senior rôle for an 'all-rounder' in

SYNDICATIONS

Very attractive terms negotiable

In contrast to the general picture of declining activity in loan syndications, our client's business in this area has continued to increase. This has been achieved through a consistently innovative approach, new products having been developed relative in particular to trade and project finance.

As a result, an additional high calibre banker is required to play a leading rôle in the management of the syndications area. The man or woman sought will be comprehensively experienced in all facets of the business including credit and risk assessment, negotiation with co-financing institutions/borrowers/lawyers, and documentation. In addition, business development forms a major part of this rôle which will involve some overseas travel. Familiarity with trade finance products will be an advantage.

The successful candidate will be joining a bank which is well established, a leader in its sector, effectively managed and highly profitable. There are significant promotion prospects within the short to medium term, and the remuneration package (including all normal banking benefits) will be tailored to attract the best talent available in this field.

In the first instance, please contact Anita Harris. Telephone 01-588 6644 or send a detailed Curriculum Vitae in confidence to the address below.

Anderson, Squires Ltd.,
Bank Recruitment Specialists,
127 Cheapside, London EC2V 6BU

Anderson, Squires

HIGH ENERGY · FAST PACE

Product & Market Planning Manager
FINANCIAL SERVICES

c.£23,000 + car + mortgage subsidy + benefits

My client is a fast expanding provider of personal financial products and is a group member of a prestigious British Bank. Their programme of expansion has highlighted the need for a numerate, dedicated product management professional, skilled in market information systems, planning and research who is also a realist and understands the pressures inherent in growing a business in a competitive market place. The successful candidate will be responsible for the management of the products' profitability and development, and their matching with the needs of the market place. A full support team will be created to give pace to the programme and the Sales and Marketing team provide excellent market knowledge and professionalism.

Applicants must be ambitious graduates, preferably with a business school education and have at least three years' experience in product management in a Blue Chip, multi-product environment, not necessarily in financial services.

Please write with comprehensive curriculum vitae to: R. W. Hopsden (Ref. 421/FT), Lockyer, Bradshaw and Wilson Limited, 39-41 Parker Street, London WC2B 5LH, indicating any companies to which your application should not be forwarded.

LBW
LOCKYER, BRADSHAW & WILSON LIMITED
A member of the Addison Page PLC Group

Investment Marketing Executive
SEVENOAKS, KENT

We are a leading international life insurance and pensions group, with assets in excess of £8,000 million. Swiss Life Pensions Ltd., a successful company within the group, based in Sevenoaks, provides the fund management services on behalf of our UK pension fund clients.

Due to continued expansion we are now seeking an additional Investment Marketing Executive to promote the group's range of investment vehicles. Responsibilities will include presentations to prospective corporate pension fund clients and their consultants, together with an involvement in the preparation of investment reports and statistics.

The successful candidate will have several years marketing experience in the financial services sector and will have a demonstrable ability to express an understanding of the economy and investment markets. Relevant financial or insurance qualifications would be an advantage.

This is an important position in the company and the attractive remuneration package will include a car and an assisted mortgage.

Please write in confidence with full career details to

Mrs S. Clifton
Swiss Life Pensions Limited,
Swiss Life House, 99-101, London Road,
Sevenoaks, Kent TN13 1AX.
Tel No: (0732)-450161

A member of the Swiss Life Group

Swiss Life

CUSTOMER DEALER FX/TREASURY
ARABIC SPEAKING c £20,000+Benefits

International Bank requires a customer dealer fluent in spoken and written Arabic and with knowledge of FX/Treasury operations to join its active London dealing room. The successful candidate will be responsible for maintaining existing dealing relationships and developing the banks customer activity, particularly in the Middle East. The position will also involve some overseas travel.

Applications with CV to Box A0152
Financial Times, 10 Cannon Street, London EC4P 4BY

TRADER

A major international bank is seeking experienced traders in Euronote/Euro Commercial Paper (or traders who would wish to be involved in Euronote/Euro Commercial Paper).

Applicants will be in the age range of 23 – 28 and must have had trading experience in a major international institution that has an already established presence in this fast-growing market.

This is an ideal opportunity for traders wishing to extend further their activities in this important sector of the marketplace.

Please apply in writing, enclosing C.V., to:
Christian Elliott, Christopher Morgan Marketing & PR,
15 John Adam Street, London WC2N 6LU.

MURRAY JOHNSTONE LIMITED

Investment Management

Murray Johnstone is a leading independent fund management group, located in Glasgow, currently managing assets worldwide of over £2,500 million concentrated in four main areas - Investment Trusts, Pension Funds, High Technology Companies and Unit Trusts.

Our sole business is investment management and, as a result of consistently excellent performance and independence, funds under management are growing rapidly. Consequently we again wish to recruit young people as potential investment managers.

Ideal candidates, probably in their early twenties, will have a good degree preferably with a mathematical or financial bias and may also have a professional qualification. Investment or related experience would be considered useful but is not essential.

After a period of introduction to Murray Johnstone's methods and approach, successful candidates can look forward to a rewarding and demanding career with real prospects for advancement in one of the most successful and fastest growing investment groups.

Please write in confidence enclosing a full c.v. to:
R. H. White, David Sheppard & Partners Limited,
21 Cleveland Place, London SW1Y 6RL. Tel: 01-930 8786
who act as advisers to the group.

APPOINTMENTS ADVERTISING APPEARS EVERY THURSDAY

Rate £41 per single column centimetre

LOOKING FOR SOMETHING SPSCIAL ?

Antony Reardon Smith, aged 48, 27 years in the Shipping Industry, 24 at Director level and in the City. Wide international experience. Available for interesting and challenging position where my skills and background may b utilised.

Please ring 01-407 7661 or write to: 26 Merrick Square, London SE1 4JB

Jonathan Wren

UK MARKETING MANAGER ASSET FINANCE

Neg £40,000 + bonus + benefits

The merchant banking arm of a major US bank has an ideal opportunity for a self motivated individual who is able to clearly demonstrate a successful career to date in the field of both tax and non tax based asset finance, to include managing a small team of professionals.

Applications are therefore sought from candidates aged 30 to 40 years, preferably graduate bankers, with 5 to 7 years experience of innovative asset financing methods. The individual appointed will work in close liaison with the capital markets division and will be responsible for the identification, negotiation, pricing and structuring of complex medium/big ticket transactions both as an advisor and as a principal. Emphasis will be on UK transactions, although some international cross border experience would prove useful. **Contact Jill Backhouse or Brian Gooch.**

All applications will be treated in strict confidence.

SYDNEY — **Jonathan Wren** — HONG KONG
Recruitment Consultants
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

ACCOUNTANT

Merchant Banking Subsidiary of a major European Bank is seeking an ACA with a minimum of 3 years post qualification experience in the banking sector including Bank of England and statutory returns plus both internal and external reporting on a regular basis. First class progression opportunities for a person able to effectively motivate a small team.

ASST. TO ADVANCES MANAGER

Our client is a respected International Bank which provides a wide range of banking and financial services and who is now seeking a banker, probably mid-late 20's, with practical experience of Loans Admin., Credit Analysis, Credit Reviews etc. The successful candidate will work directly with the Advances Manager with excellent opportunities for early advancement.

F/X DEALER

European Bank, currently in the process of restructuring its London dealing operations, is seeking an additional person with 3 years minimum all-round dealing experience covering FX, Deposit and CD trading. The selected applicant will deputise for the Chief Dealer and will become involved in the management process at an early stage. Full range of banking benefits are offered.

MARKETING ASSISTANT

This is a key new appointment within the developing London Branch of an International Bank and requires a person, probably late 20's - early 30's, to provide both credit and marketing support to the UK Marketing Manager. Candidates must have good, broad credit experience within a similar environment plus the ability to understudy the marketing role.

MANAGER, EUROBOND SETTLEMENTS

Merchant Banking subsidiary of a Major International Bank is seeking to appoint a person to manage a team of 10 people engaged in the settlement of a wide variety of bonds including the processing of lead managed issues. This position requires a person probably mid-late 20's, with supervisory experience in a similar area who may expect to receive a salary package which fully reflects the importance of this appointment.

UK MARKETING OFFICER

The London subsidiary of a leading European Bank requires a person, probably late 20's to early 30's, who has well developed credit skills plus some experience of the UK marketing role to work in a small team responsible for the development and marketing of a broad product range, including big ticket leasing. An attractive salary and benefits package, including bonus is offered.

Our current assignments also include ...

Accountant-Taxation	to £20,000
Audit Support (ACA)	to £16,000
Corporate Dealer	c£16,000
Credit Analyst	to £14,000
Credit/Loans Admin	to £14,000
Equity Settlements	to £16,000
Eurobond Settlements	£8-25,000
Investment Analyst	to £35,000
Marketing Officer	to £25,000
Money Market Dealer	£15-25,000
Operations	to £25,000
Portfolio Strategist	to £30,000

Skeels Associates

Bank Recruitment Consultants

2 London Wall Buildings
London Wall London EC2M 5PP
Tel: 01-588 2081

Economist

An influential consultant with a leading international bank

Bankers Trust is an international bank that in recent years has built from its unique base in commercial banking to become a major force in investment and merchant banking.

An internal promotion has now created a rare opportunity for a high-calibre Economist to join a small team led by the Bank's Senior European Economist, providing practical consultancy within the bank, ranging from macro and micro forecasting and business analysis/planning to advising on individual banking deals.

You will be required to apply the tools of economics and finance at an advanced level, preferably based upon 2-3 years' practical experience in an appropriate institution. You are therefore likely to have an economics degree and an MSC or MBA and be in your late 20's. You should also have a strong quantitative bias and a flair for discovering and exploiting sources of information, statistics and analysis.

This is a challenging role that demands much more than a theoretician. It will demand originality and flexibility of thought with an accent on practical problem-solving. This position will provide a unique overview of the Bank's activities which could lead to a variety of career development opportunities including Corporate Finance, Capital Markets or Investment Management.

The remuneration package will be individually negotiated and will appeal to candidates of the highest calibre.

Please write with full cv to Peter Christie, Recruitment Manager, Bankers Trust Company, Dashwood House, 69 Old Broad Street, London EC2P 2EE.

Bankers Trust Company

An all-time high in European achievement

SETTLEMENTS CLERKS

ATTRACTIVE SALARY + EXCELLENT BONUSES

Our client is the highly progressive capital markets subsidiary of a leading European bank currently in an exciting programme of international expansion. Their success in the world's major financial markets has now created a number of challenging and rewarding opportunities for ambitious SETTLEMENTS CLERKS.

They are looking for capable, forward-looking professionals with at least 1-2 years' experience of bond settlements to process the complex transactions performed by their traders.

Our client's growing success is built on an informal but hard-working environment in which you will be developed to reach your full potential – and rewarded accordingly. This means that opportunities for significant career progression are genuinely outstanding for people of the high calibre sought by our client – particularly so in view of the bank's commitment to further growth.

Rewards are as you would expect from an internationally successful company: an excellent basic salary, a generous bonus (paid quarterly) plus valuable benefits.

If you are confident that your expectations of the future match our client's, please write quoting Ref: 4396 with a full cv to:- Miss D. Hacker, Moxon Dolphin & Kerby Ltd, 178-202 Great Portland Street, London W1N 5TB. Telephone: 01-631 4411.

Please state in a covering letter those companies to whom you do not wish your application sent.

MOXON DOLPHIN & KERBY LTD
Executive Search & Selection

The Dee Corporation PLC

GROUP COMPANY SECRETARY

The Dee Corporation PLC is looking for a Group Company Secretary to be based at the Group Headquarters at Milton Keynes, who will report to the Group Legal and Administrative Director in respect of all of the activities of the Company Secretarial Department. The successful applicant is likely to be either a Chartered Secretary or a qualified lawyer (solicitor or barrister) ideally in either case with experience in a public company.

Salary will be in the range £25,000 - £35,000 depending on age and experience.

Applications, in writing please, accompanied by a detailed curriculum vitae, to:—

J. J. F. Francis Esq.,
The Dee Corporation PLC,
Silbury Court,
418 Silbury Boulevard,
Milton Keynes MK9 2NB.

DEE

HARLOW UEDA SAVAGE LTD

? Gilts & Fixed Interest	? Interest Rate Swaps	? CAPS
? Euro £ Bonds/ FRN's	? Building Societies/ Corporates	? Options
? Local Authorities	? Interbank	? Leasing

Isn't it about time you got yourself together and joined a team with a real future?

We are looking for key people in these areas and only applicants with a keen and self-motivated approach need apply. Salary and fringe benefits will not be a limiting factor to high calibre individuals.

So contact Stefan Stosik, Ken Castle or Noel Blows on 01-626 7890 to make sure you have a real future!

Or write to:
Adelaide House, London Bridge, London EC4R 9EQ

Two Treasury Analysts

C. London — to £20,000 + car

Our client, a successful UK quoted company, with widespread international interests is engaged in the electrical and construction markets. An opportunity has arisen for two Analysts to join the group treasury department, in particular in the areas responsible for the group's banking relationships and financing in the UK and overseas, and its money and foreign exchange activities.

Candidates, aged 24 - 32 should be graduates, and could have an MBA or accountancy qualification. The analysts will be expected to study for and pass the examinations of the Association of Corporate Treasurers. Experience to date would ideally encompass some/all of the following:

- ★ International money market and foreign exchange dealing.
- ★ Overseas financing requirements and group banking relationships.
- ★ New financial instruments created by the marker.
- ★ Computerised cash management systems.

Applicants should be numerate, decisive and highly organised, and above all be capable of liaising effectively with non-treasury executives at all levels.

The salary package is negotiable according to experience, and prospects for career development will only be limited by personal drive and ambition. Interested applicants should write to Andrew Sales FCCA, Executive Division, enclosing a comprehensive C.V., quoting ref. 312 at 39/41 Parker Street, London WC2B 5LH.

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

MANAGING DIRECTOR LONDON £18,000 P.A.

This is an excellent opportunity with a major incoming tour operator specialising in holidays to Britain from Scandinavia. The Managing Director will work in London, heading up a team of 20 people in a Company with an annual turnover of over £4 million.

Previous managerial experience in the travel industry is essential and the successful applicant will speak Swedish or Finnish in addition to English. A further knowledge of more than one Scandinavian language and German would be an advantage. Applications from male or female candidates must be received by noon on the 30 May 1986. Please reply in strict confidence to: ...

Write Box A0143, Financial Times
10 Cannon Street, London EC4P 4BY

FINANCIAL SERVICES

Business Development Manager

Thames Valley — to £20,000 + car + benefits

THE COMPANY: a highly respected and experienced leader in the provision of financial services to corporate clients throughout the UK. Associated to a major Financial Institution, their exceptional record and growth rate are due to providing the highest quality of professional service.

THE POSITION: to play a vital role in the development of new business, taking responsibility for a wide area serviced by one of their major offices.

THE CANDIDATE: will be self-motivated and assured with a professional approach. Aged 28-40 with experience within Banking, Financial Services or related areas together with sound business awareness and negotiating skills to enable effective evaluation of business proposals.

THE PROSPECTS: are excellent for the individual with the qualities to succeed in a fast-growing commercial environment.

Please contact SUSAN FIRTH in the strictest confidence

FIRTH ROSS MARTIN ASSOCIATES, WARDGATE HOUSE, 59A LONDON WALL, LONDON EC2M 5TP. TELEPHONE 01-638 2441

Firth Ross Martin

Top Executives

earning over £25,000 a year

Can you afford to waste over £2,000 a month in delay? Minster Executive specialises in solving the career problems of top executives. The Minster programme, tailored to your individual needs and managed by two or more partners, is your most effective route to those better offers, 75% of which are never advertised.

Our clients have an impressive record of success; many blue chip companies retain our services in the redeployment of their top people.

Telephone or write for a preliminary discussion without obligation—or cost.

MINSTER EXECUTIVE LTD
28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309 / 1085

VENTURE CAPITAL

A fast-growing, international venture capital group seeks an administration manager for its London headquarters. A starting salary of up to £12,500 pa is offered. Other benefits such as a personal pension facility and BUPA membership could be available after an initial six month period. You are likely to have an organised mind, be under 30 years old, have at least two years' office experience with computers, enjoy working with numbers and be an above average wordsmith. You may be a recently qualified accountant, a graduate or a frustrated bank employee, or none of these. Only self-starters with a sense of humour need apply. If you aspire to a long-term career in the venture capital industry so much the better.

Write with CV to:
Dick Onians, Chief Executive
BARING BROTHERS HAMBRECHT & QUIST LTD
140 Park Lane, London W1Y 3AA

Investment Specialists

£15-£100,000

As market leaders in investment recruitment, our clients include a high proportion of the City's most important securities houses, both UK and international.

With the approach of de-regulation, demand for high-calibre, experienced individuals is stronger than ever, creating exceptional career opportunities at all levels of seniority:–

* ★ **Analysts.** Most UK sectors, all European markets, US and Japan. Teams are also strongly sought after.
* ★ **Institutional Sales.** General UK, sectors, gilts and international markets.
* ★ **Private Clients.**
* ★ **Institutional Fund Management.** UK and international equity markets, gilts and international fixed interest.

For a confidential discussion about specific opportunities or the investment market in general, please contact **Anna Robson, Timothy R. Wilkes,** or **Nick Root** at the Investment Division, 39-41 Parker Street, London WC2B 5LH, or telephone them on 01-404 5751.

MP

Michael Page City

International Recruitment Consultants–London Brussels New York Sydney

A member of the Addison Page PLC group

Assistant General Manager – Lending

TSB BANK

attractive salary + car + benefits

Our client, part of the TSB Group which is at an interesting stage of development, is a major force in the local banking scene. As a consequence of accelerated growth of its lending portfolio, it seeks a senior experienced banker to fill this most important position.

Responsibilities include the continued development, direction and control of all lending activity within the Bank. Essential requirements are substantive, in-depth credit analytical skills, facility structuring and lending documentation exposure. A comprehensive knowledge of foreign exchange, trade related and relevant money market products are also prerequisites. Since the successful applicant will be expected to participate in the promotion of the Bank's services, commitment to the highest professional standards and an ability to communicate with principals at the most senior corporate level will be required. Although not essential, previous branch banking experience and/or a professional qualification would be advantageous.

An attractive salary, which is unlikely to provide an obstacle, recognises the level of skill and expertise required. A comprehensive package of benefits including car, mortgage subsidy, non-contributory pension and relocation expenses is available to the man or woman appointed.

Initial interviews will be held in Great Britain.

Please telephone or write for an application form or send a full cv quoting Ref: 361/AGM.

PA

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Ulster Bank House, Shaftesbury Square, Belfast BT2 7DL. Telephone: 0232 227487.

Phillips & Drew Fund Management Limited

New position for Major Fund Management Organisation

Senior Executive responsible for Accounting and Administration

As a result of the changes in the securities industry and the consequent rapid expansion of the fund management subsidiary of the Phillips & Drew Group, an experienced individual is required to take charge of all administration and accounting – both for clients and internal financial reporting.

His or her background is likely to be either as No 1 or No 2 in a similar position with a substantial City organisation. Experience of fund management administration is more important than a formal accounting qualification, though this would be an advantage.

To attract the best blend of talent and experience a highly competitive salary and benefits package is offered.

Please apply in confidence to:

Miss Deborah Harman, Phillips & Drew,
120 Moorgate, London EC2M 6XP.
Telephone: 01-628 4444

Credit Analyst

Commercial Finance — **Bristol** — **c. £15,000 + benefits**

We are the autonomous subsidiary of a major banking group and we specialise in providing commercial finance through business equipment manufacturers and dealers.

This important role calls for a Credit Analyst with a strong commercial bias who will strengthen our Head Office Credit Team. The main responsibility will be to provide an integrated credit service to the Branch Office network. This will include underwriting individual new business proposals above Branch office limits and contributing towards the development of credit granting systems and procedures in an advisory and training capacity.

Candidates should have several years experience of granting credit on advances above £20,000 within a commercial, service orientated environment. A Finance industry background is highly desirable.

Effective communication skills with operational management, together with the ability to interpret financial information are both essential requirements for this position.

An already attractive salary and benefits package is complemented by mortgage subsidy, profit sharing and Christmas bonus after a qualifying period. Assistance with relocation will be offered where appropriate.

Please apply with full career details to:

The Personnel Manager, Lloyds Bowmaker Ltd, Office Equipment Finance Division, Finance House, 80 Stokes Croft, Bristol BS1 3QW.

Lloyds Bowmaker Finance Group

Capital Markets

QUAL/PART QUAL ACAs/MBAs up to £30,000

A leading US Investment Bank urgently requires ambitious young individuals to develop their rapidly expanding activities.

Self motivation, aptitude for problem solving and excellent interpersonal skills are essential.

There are unlimited career prospects for the right candidates.

For further details please write or telephone in strict confidence quoting reference SM1558.

R

Rochester Recruitment Ltd,
22A College Hill, London EC4R 2RP
Tel: 01 248 8346 (0932 220151 Evenings/Weekends)

APPOINTMENTS ADVERTISING
Appears every THURSDAY

Investment Manager – North American Equities

Backed by a proven long-term investment record, Provident Mutual funds under management now exceed £2.5 billion and are continuing to grow rapidly. The group's North American Equity portfolios currently amount to £250 million and are expected to grow in value and number.

This senior position provides an excellent opportunity to join a highly successful investment team and to develop in a progressive, stimulating environment.

Within the framework of an agreed investment strategy, the chosen candidate will have a high level of autonomy in the management of the group's North American portfolios. He or she will be responsible for day-to-day management and will be supported by a specialist analytical team. A certain amount of travel to the United States can be anticipated.

Applicants should be graduates, preferably possess a professional qualification, and have at least three years' experience of North American Equity portfolio management. You must be able to communicate effectively, demonstrate a high level of commitment and have the ability to make an early contribution to our investment performance.

An attractive salary is offered and benefits include a non-contributory pension, subsidised BUPA, low cost mortgage facilities and a company car.

Please write with full CV, including current salary, to Mrs S. P. Cormie, Provident Mutual Life Assurance Association, 25-31 Moorgate, London EC2R 6BA.

PROVIDENT MUTUAL

Trust Officer

Banking

City — **Attractive package including usual banking benefits**

This is an ideal opportunity for an experienced trust administrator with marketing flair to develop fully their skills with a leading financial institution.

Reporting to the Head of Private Banking, your responsibilities will encompass normal administration and accounting, liaison with clients, marketing for both private and corporate business and occasionally acting as an executor.

Probably in your thirties with a relevant degree or professional qualification, you must be able to act on your own initiative and be capable of dealing with a wide variety of individuals. Knowledge of personal tax would be highly advantageous.

To apply, please write or telephone Brian Burgess quoting Ref: BB 076.

Lloyd Chapman Associates

International Search and Selection
160 New Bond Street, London W1Y 0HR
Telephone: 01-408 1670

Opportunities for Credit Officers

The Credit Division of an International Bank with a wide global network requires officers for its City based operation. Applicants should be below the age of 30 and should have gained at least six years Banking experience (preferably Overseas or dealing with International business) of which the last two or more years should have been in the credit function handling credit line proposals and/or engaged in credit analysis. Credit experience at Regional/Head office level would be an added advantage as would a sound knowledge of general banking.

If you think you could meet these requirements and have unrestricted residential status in the U.K. and/or British nationality, please write in absolute confidence enclosing a Curriculum Vitae with full details of your current and previous positions and salary expectation.

Salary and other terms of service may vary according to age and experience but will always be thoroughly competitive and should not be a barrier to the right candidate who, if selected, will have every opportunity for career progression and advancement.

Write Box A0140, Financial Times, 10 Cannon Street, London, EC4P 4BY.

Export Finance Services

Lloyds Bank Export Finance Ltd, the confirming house arm of **Lloyds Merchant Bank**, is seeking to expand its range of trade finance services through the appointment of an Assistant Director reporting directly to the Chief Manager of the company

The duties will include:

- marketing and negotiation of traditional confirming house operations;
- introducing new trade finance products;
- developing a comprehensive à forfait capability;
- deputising for the Chief Manager;

Candidates, aged between 27 and 35, will have good experience in conceiving and negotiating trade finance operations and have a detailed knowledge of ECGD insurance and guarantee schemes. They will also have practical experience in examining and paying trade documents and be familiar with the origination and placement of à forfait paper.

This post will attract an ambitious, self-motivated individual with an innovative approach to the financing of world trade.

A competitive remuneration and benefits package reflecting experience and track record is offered.

Lloyds Merchant Bank

Applicants should apply in writing with a C.V. to: Senior Assistant Director –Personnel
Lloyds Merchant Bank Limited
40-66 Queen Victoria Street
London EC4P 4EL

Partnership Secretary

c.£16,000 + Car — Leamington Spa

For a multi-discipline firm of architects, planners, engineers and quantity surveyors providing a range of services in a wide spectrum of building. Clients are drawn from the public and private sectors, both in the UK and overseas. The practice has 100 professional and support staff based in Royal Leamington Spa, Bristol and Southampton.

Reporting to the partners you will have overall responsibility for the financial and administrative management of the firm. As this is a busy and expanding practice you will play an increasingly important role in establishing new structures and systems, in particular, computerised information systems. Given success in your initial role, long term partnership prospects are very good.

You are a Chartered Secretary with strong accounting experience, or you hold a recognised accountancy qualification and have broad administrative experience. Preferred age range mid thirties to mid forties.

Salary is for discussion as indicated. Benefits include assistance with relocation expenses where appropriate.

Please write – in confidence – to Lesley Gifford ref. B.20208.

This appointment is open to men and women.

HAY-MSL Selection and Advertising Limited,
52 Grosvenor Gardens, London SW1W 0AW.

Offices in Europe, the Americas, Australasia and Asia Pacific.

HAY-MSL

CHARTERED SECRETARY

Managing Director

– Service Organisation – Midlands based

Circa £37,500 + Bonus + Comprehensive Benefit Package

Our Client, one of the U.K.'s leading industrial and consumer service organisations, has a vacancy for a top flight Managing Director to take full profit responsibility for a major element of its business. The vacancy has been created by recent profitable growth of the company outstripping its management resources.

Applications are invited from senior executives who can demonstrate a track record of outstanding achievement in the industrial service sector. The successful candidate will be highly numerate, literate and marketing orientated. He or she will currently be operating in a similar role and will be seeking the opportunity to put into effect modern management skills within a framework of total financial backing and commitment. Experience of national coverage through multi-site operations is essential. Terms and conditions of employment will be excellent and will, of course, include assistance with relocation should this be necessary.

Applications should contain detailed curriculum vitae, salary history and career objectives and be sent to Kevin Mitchell, Austin Knight Advertising UK Limited, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham B16 8TP quoting ref ABM 976

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter.

Austin Knight Advertising

BIG BANG!

Where will you be when it happens? Trainee position in Europe's leading brokerage for individual 25+ with ambition and flair.

JOHN KILBURN-TOPPIN
01-493 2384

RECRUITMENT/SEARCH
COMPANY OR CONSULTANT WANTED

A rapidly growing City based Consultancy practice seeking to develop its executive recruitment and search operations would like to buy an existing practice. Alternatively, would consider developing a new venture with senior consultant able to bring in a good client base.

Write Box A0156, Financial Times, 10 Cannon St. London EC4P 4BY

CJA RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-638 9216

Career appointments offering significant promotion prospects

CJRA

SENIOR CORPORATE BANKING OFFICERS

CITY

HIGHLY ATTRACTIVE SALARY PLUS GENEROUS BENEFITS

EXPANDING INTERNATIONAL MERCHANT BANK

Our client seeks experienced Corporate Banking Officers, aged 30+, to develop and market a full range of corporate finance consulting services and new fee generating business with governmental institutions, private companies and banks. These key roles, based in London, have arisen through the expansion of a specialist group with a strong and successful presence in Latin America. Applications for these progressive career opportunities are invited from experienced, Spanish-speaking, international bankers with a proven track record in successfully marketing corporate credit and finance. A background encompassing formal US credit training and Latin American business experience, together with a working knowledge of Portuguese, will be a distinct advantage. The successful candidates will be highly motivated, energetic individuals who have a creative commercial outlook with strong analytical skills and a sound understanding of corporate finance. Travel to Latin America may be frequent. Highly attractive salaries will be offered according to experience, together with excellent bank benefits. Applications in strict confidence under reference SCB017837/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA

Prospects for advancement within Europe or US.

CJRA

FINANCE DIRECTOR

LONDON

C.£35,000 + CAR

UK SUBSIDIARY OF MAJOR INTERNATIONAL COMPUTER MANUFACTURER

We invite applications from qualified accountants, who must have had a minimum of 8 years' in managing the whole or at least a significant part of a medium/large company's financial operations. A computer systems and/or services background will be an added advantage. Broad financial management experience in a US company where there will have been an emphasis on business management and strong controllership is essential. The selected applicant, who will report to the Managing Director, will be responsible for all financial matters of the company (£75 million turnover), including DP, administration and financial control with a particular emphasis on advice to operating managers. Essential personal qualities are to be tough-minded, plus having well developed man-management skills and the ability to make an imaginative contribution to strategy. Initial base salary negotiable c. £35.000 + company car and large company benefits. Applications in strict confidence under reference FD17844/FT will be forwarded unopened to the company's advisers unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.

ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT PLEASE TELEPHONE 01-628 7539

We are, and have been for 10 years, a successful, dynamic international Financial Consulting Group—our clients are Governments, Government Institutions and Multinational Corporations. We are expanding our highly motivated small group of individuals involved in the management of our complex services in the Foreign Exchange and Financial Markets. In order to establish independent foreign exchange, security and commodity market trading operations, we are looking for a

MANAGING DIRECTOR

based in Nassau

HEADS OF TRADING

based in Nassau and Zurich

FUTURES AND OPTIONS SPECIALISTS

based in Nassau and Zurich

Essential qualifications include relevant education and business experience, suitable background and successful present career.

GFTA TRENDANALYSEN B.G.A. HERRDUM & CO.
Ruostelstrasse 30, CH-8835 Feusisberg/Switzerland
Attention: N. R. Gibson, Managing Director

Investment Manager

Dublin

A leading Irish Financial Institution wishes to recruit an Investment Manager to direct and develop its Fund Management Department.

The successful candidate will have a minimum of five years experience of Funds Management at a senior level. Experience abroad, while not essential, could be an advantage.

The position will appeal to a self-motivated and innovative individual, with strong management and marketing skills, who now wishes to have an opportunity to further utilise and develop these skills.

A substantial salary package will apply, including benefits normally associated with a financial institution.

The identity of candidates will not be revealed to our client without prior permission. Candidates should send a curriculum vitae or write for an application form, quoting reference number GM49/611D and advise if they have made any other recent application.

This postition is open to male and female applicants.

PA

PA Personnel Services

Executive Search - Selection - Psychometrics - Remuneration & Personnel Consultancy

10/12 Lansdowne Road, Ballsbridge, Dublin 4. Tel: 0001 684346

An AMCO member.

Commercial Manager

(A.C.M.A.)

South East — Up to £18,000 + Car

The policy of developing divisional autonomy and accountability throughout our client's home improvements operation has resulted in the creation of several senior posts in Commercial Management.

One of the really big names in the industry, they wish to appoint qualified and experienced management accountants to give regionally based business advice to sales and contract management with a view to increasing commercial awareness and profitability improvement.

Implementing and ensuring adherence to company policy on administrative systems and controls you will monitor performance; advise management on the most profitable areas of the business to handle, give decisions on the commercial viability of contracts and produce clear and meaningful reports.

The successful candidate will have qualified as a management accountant and have held a senior role involving strategic planning in an industry which is highly sales orientated. You will have real understanding of successful business management and the personality required to support aggressive sales management enthusiastically whilst injecting commercialism into marketing policy.

In addition to the generous salary, a company car and BUPA are provided and career prospects within the group are excellent.

Telephone Ann Shopland for an application form on 0603 619287 or write enclosing a CV to ERAS.

ERAS — Executive Recruitment Advisory Services, 16 Thorpe Road, Norwich. NR1 1RY

Faron Sutaria
Pacesetters for the Eighties

SENIOR NEGOTIATOR

Circa £30/35,000 p.a. plus car. We need two outstanding individuals to join a team marketing exclusive London residential property with a minimum value of £300,000. Successful candidates will be mature, personable people able to show achievement in a commercial field.

TRAINEE NEGOTIATOR

We also have a vacancy for a trainee.

Faron Sutaria & Co · 01-221 8939
89 Notting Hill Gate London W11 3JZ

Director of business development

Glasgow, circa £25,000

C&L

Howden Group has widened its base considerably in recent years, both geographically and in market and product sectors. With a strong balance sheet, the Glasgow-based operating unit, James Howden Group, is well-placed to expand further its range of interests both in the UK and overseas.

You will work closely with the Chief Executive in developing acquisition strategy, identifying business opportunities, negotiating acquisitions, and in integrating new businesses into the group.

There is some flexibility as to background, but an accountancy qualification is essential, together with some practical experience of acquisition work. You must have the experience of developing and maintaining disciplined financial accounting and management reporting systems within a manufacturing environment. On the personal side, you are likely to be in your early thirties, with communication skills, commitment, and personal drive.

Résumés, including a daytime telephone number, to David B. Adams, Executive Selection Division, Ref.M1011.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Kintyre House 209 West George Street
Glasgow G2 2LW

COMPANY SECRETARY

Our London based clients are the UK holding company for a major Scandinavian group. Expanding operations embrace several major industries and a diverse range of companies.

The appointment is as Company Secretary of the UK Board and to some of the subsidiary companies, based at various UK locations.

Responsibility, to the Managing Director and in liaison with the parent group, includes secretarial, financial, legal and other related activities such as *taxation, insurance and pensions.*

We would like to hear from qualified secretaries with suitably broad backgrounds. Formal financial qualifications are not essential but a strong grasp and *experience of accounting is required and an interest* in taxation would be an advantage.

This is a most interesting and varied job for a personally compatible executive who knows how to get the best out of colleagues at all levels and who can react flexibly to the wide variety of tasks.

Remuneration will be of interest to candidates currently earning up to £25K. Car and 'large company' benefits.

Please write with CV to Terry Turner. No names passed on without permission.

TERRY TURNER & COMPANY LIMITED
RECRUITMENT & MANAGEMENT CONSULTANTS
The White House, Market Place, Chalfont St Peter, Bucks.

FINANCIAL CONTROLLER

BICC

North East c.£20,000, Car

BICC Pyrotenax, part of the BICC group of companies, is a world leader in the production of mineral insulated cables for wiring, thermoelectric and heating applications with an outstanding product reputation for quality and reliability.

As part of our continued expansion programme we are now looking for a Financial Controller, to control company administration, financial and management accounting and data processing requirements.

Reporting to the Director and General Manager of Pyrotenax, your main responsibilities will include company secretarial duties, budgets and operating accounts as well as implementing general financial and adminstrative policies.

This is a senior position and candidates, aged 32—45, should be qualified accountants, ideally ACMA or ACCA with the ability to contribute to the senior management team.

An attractive remuneration package is offered and career prospects are excellent.

If you believe you have the ambition and skills we are looking for, please write enclosing full c.v. to: Mr. A. W. Blair, Director & General Manager, BICC Pyrotenax Limited, Hedgeley Road, Hebburn, Tyne & Wear, NE31 1XR.

Personal Executive

to the Managing Director
of a major national newspaper group

This is a unique "boardroom cadet" career opportunity. The role is to provide the Managing Director and Financial Director with a professional aide facility on a diverse range of projects and tasks.

The role will be to relieve the two Principals of investigatory, analytical, planning and co-ordinating tasks. The ability to communicate, initiate action and evaluate is essential.

The requirement is for a graduate or professionally qualified person (eg ACA). An MBA or Business Studies degree and/or at least 2 years' industrial or commercial management experience is necessary.

SALARY c £19,000 + car — AGE 25/30

Please write in the first instance to Tony Riley, the adviser to the company, giving full career details, or telephone him on 01-734 7282.

Barnett Consulting Group Limited,
35, Piccadilly, London W1V 9PB

Barnett Consulting Group

STOCKBROKING
U. S. Sales Co-ordinator

A major stockbroking firm requires a Sales Co-ordinator for *its U. S. Department. Based in London, the job will involve* co-ordinating research, sales and trading activities worldwide, and particularly liaising between the New York, London and Far East-based sales teams.

Applicants should have at least 5 years experience of the research, sales and administrative areas of a U. S. broking firm in an international context, and preferably be a Certified Financial Analyst and/or Registered Representative.

Please send a comprehensive career résumé quoting ref. 2666, and since applications will be forwarded direct to our client please indicate any firms to whom you do not wish to apply, to W L Tait, Executive Selection Division.

Touche Ross
The Business Partners
Hill House, 1 Little New Street, London EC4A 3TR.
Telephone: 01-353 8011.

Private Client Executive

Our client, a substantial and wholly independent firm of City based international stockbrokers, is seeking to appoint a very special Private Client Executive who will be expected, in due course, to take over the client list of a retiring member of many years standing in the City. It is a list that has been managed with a high level of personal care and attention for many years and the wish is that it should continue so to be. Some clients have very substantial portfolios; others less so; others are family groups. The investment mix is both UK and overseas, and tax factors need *to be covered.*

Aged 35+, male or female, candidates will offer the qualities looked for by clients who have been used to, and continue to demand, a truly personal service.

The overall remuneration will include a generous salary, and the opportunity for profit-related earnings.

Write, enclosing a CV, to E St. V Troubridge, Kynaston International, 17/19, Maddox Street, London W1R 0EY. Tel: 01 629 3727.

KYNASTON INTERNATIONAL

APPOINTMENTS IN BANKING

QUALIFIED LEGAL EXECUTIVES

AGE: 30s £30/£40,000 p.a.

A major investment bank seeks legal executives from the profession, familiar with drafting capital market transactions, scrutinising documents and with experience of and involvement in the negotiations leading up to the transactions. Strong emphasis will be placed on communication skills and therefore the ability to work effectively with non-legal executives of this prestigious bank. It is envisaged that the ideal person will already be working for a well-known practice of London solicitors.

Please telephone Elizabeth Hayford on 377 5040
or write to:
LJC BANKING APPOINTMENTS
146 Bishopsgate, EC2M 4JX

TREASURY MARKETING EXECUTIVE

AGE: 30s c£35,000 p.a.

An internationally renowned bank seeks a graduate, hopefully with two European languages, with minimum two years' experience of marketing Euronotes, RUFs, CDs, gilts, loans, debt instruments in various currencies and various other ancillary services.

Please ring Elizabeth Hayford on 377 5040
or write to:
LJC BANKING APPOINTMENTS

LJC BANKING

146 Bishopsgate, London EC2M 4JX: 01-377 8600

Appointments Wanted

Married Man, 37 15 years' experience

MONEY MARKET, BANKING, MONEY BROKING, SPOT — DEPOSIT

Paris and London

Fluent French, excellent knowledge of banks/dealers, worldwide contacts. Needing new challenge as FINANCIAL ADVISOR CONSULTANT, P.R., ETC.

Anything considered £45,000+

Write Box A0159, Financial Times 10 Cannon Street, London EC4P 4BY

UNIT TRUSTS/INVESTMENT MANAGEMENT MARKETING

Gentleman seeks position/connection with substantial financial services Group. Proven track record available, good opportunities required.

Write Box 35872, Financial Times 10 Cannon Street, London EC4P 4BY

---

the YankeeGroup europe

The Yankee Group, a world leader in market research and consulting services for technology vendors and users, is looking for sales professionals to expand our activities in the UK and Northern Europe. We require:

* An excellent track record in product sales and management;
* Experience in information technology industries, especially in factory automation;
* A highly motivated, independent, and articulate over-achiever.

If you are the person we seek, send a curriculum vitae and one page letter describing how you will grow our business to:

Dept FTM
THE YANKEE GROUP EUROPE
The Old Free School, George Street, Watford, Herts WD1 8BX
No telephone enquiries, please

Investment Specialists

£10,000 ....£100,000

Having specialized in recruiting for the Stockbroking and Investment sector since 1976 we have developed a longstanding portfolio of major name clients. Due to current activity and developments they are keen to talk to individuals of high calibre, at all levels, in such areas as:-

Investment Research

European market knowledge is in high demand as is experience of the Japanese market both in London and Tokyo. There are start-up situations for UK teams, particularly in Electronics, Property, Chemicals, Pharmaceuticals and Financials, but interest in all sectors.

Institutional Sales

Major brokers are seeking high calibre individuals with experience of the UK, Japanese or European markets. Also in demand are those with a track record in Gilts, Bonds, Futures, Options and Market Making.

Fund/Portfolio Management

Fixed Income, European and US specialists are required at all levels. There are openings for overall Pension Fund Managers and some for UK managers. Private Client executives with business attached are still much sought after.

Other

Corporate Finance Executives, Economists and Unit Trust or Pension Fund Marketers.

Whether you are actively looking or would simply like to be kept informed, contact Fiona Stephens, Anthony Innes, Simon Kennedy, Martin Armstrong, Emma Weir.

Stephens Associates
International Recruitment Consultants
44 Carter Lane, London EC4V 5BX. 01-236 7307

APPOINTMENTS ADVERTISING
Rate £41 per single column centimetre

FINANCIAL RECRUITMENT CONSULTANT

City c. £30,000 OTE (High Basic)

Northgate Recruitment is a young, thriving consultancy specialising in the recruitment of professionals within the Data Processing sector — not only for a wide range of external clients, but also for our sister company, Northgate Computer Services — a major supplier of financial systems.

An imminent deregulation brings the worlds of finance and technology closer together, a new breed of professional is arriving in the City. Identifying, selecting and placing these senior professionals is something we are uniquely qualified to do and we are looking for an entrepreneurial professional who can turn our firm foothold into a significant market share.

Recruitment experience is preferable, but a thorough understanding of Finance/Banking is our prime requirement.

What we offer is the chance to work for a company whose professional status is growing all the time. Within the next 18 months we intend to go to the USM. You will enjoy an excellent financial package and be shown every incentive for early progression to full managerial status.

In the first instance forward a comprehensive curriculum vitae to Shirley Francis at Northgate Recruitment, Northgate House, 2-6 Scrutton Street, London EC2A 4RJ, quoting reference no. 1811.

NORTHGATE

BANKING

OPERATIONS MANAGER—EUROBOND SETTLEMENTS

Salary c £40,000 p.a. plus all banking benefits

A major international bank seeks an exceptionally skilled operations manager experienced in the running of primary and secondary bond settlements and familiar with computerised bond systems currently available in the market. This position calls for strong powers of leadership and excellent communication skills and is a key role in a successful, expanding organisation.

All enquiries will be treated in the strictest confidence.

Please ring Elizabeth Hayford on 377 5040 (office) 783 1356 (home) or write to LJC Banking Appointments, 146 Bishopsgate, EC2M 4JX.

INTERNATIONAL DEALING

A major London stockbroker requires an additional Executive for its expanding International Dealing Department.

Applicants should have experience of dealing in the principal international markets, preferably gained with an overseas house, and must also have a good knowledge of settlement procedures. A high degree of self motivation and the ability to work as an individual within a small group is essential. An attractive remuneration package will be offered to the successful applicant.

Please send a comprehensive career résumé, and since applications will be forwarded direct to our client please indicate any firms to whom you do not wish to apply, to W L Tait, Executive Selection Division.

Touche Ross
The Business Partners
Hill House, 1 Little New Street, London EC4A 3TR.
Telephone: 01-353 8011.

Manchester Polytechnic
Faculty of Humanities, Law and Social Science

Research Assistant

Available from September 1986

"The Implementation of the European Birds Directive in France and the UK"

Candidates should be graduates with a joint honours/mixed/integrated degree in French and 1 of, Law; Environmental Studies in which there has been a law component or European Studies. An interest in conservation issues would be an advantage. If not already capable of operating a computer, the ability to learn is assumed. For further particulars and an application form (returnable by June 6 1986). Please send a self addressed envelope, marked with the reference number H/157 to the Secretary, Manchester Polytechnic, All Saints, Manchester M15 6BH.

Manchester Polytechnic is an equal opportunities and jobshare employer

PERSONNEL PROFESSIONAL

Irving Trust Company, a prominent U.S. Bank with a major and expanding presence in the U.K. and Europe, is in need of a talented personnel professional to join its London Office.

The individual we seek will have experience in a sophisticated personnel environment with strong technical competence developing and administering major benefit and salary programmes. Full knowledge of the legal and regulatory aspects of such programmes within an international corporation is required. Ability to interact effectively with senior management and excellent analytical and communication skills are essential. Educational credentials should include a Bachelors Degree and membership in IPM is desirable.

Irving Trust's growing London activity offers an excellent salary and benefits package and an outstanding career development opportunity. Interested candidates should write to:

Andrea J. Williams,
Personnel Manager,
Irving Trust Company,
36/38 Cornhill,
London EC3V 3NT

Irving Trust

CHARTERED ACCOUNTANTS

Start a Career in Banking

We are currently recruiting on behalf of a number of leading International and U.K. Merchant Banks, seeking high calibre young graduate accountants (aged 24-27) for new appointments within their Corporate Finance Divisions.

If you have recently qualified (no referrals) and would like to become more directly involved in the restructuring of company finances, mergers, acquisitions and disposals this is an ideal opportunity to become a deal making banker. Starting salary c. £20,000 + subsidised mortgage scheme.

Please call or send cv to Sam Bonsey

All applications will be treated in Strict confidence.

18 Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

CAPITAL FUTURES
RECRUITMENT CONSULTANTS

Accountancy Appointments

Financial Controller

South Coast £17,500 plus car

As part of one of the country's major brewing groups, this dynamic, fast growing, young company is seeking a Financial Controller to play a major part in the development of their financial strategy.

Working closely with the Financial Director you would be largely responsible for the preparation and control of the company operating plan for cash, capital and profit, ensuring it meets with the aims and objectives of the company, whilst providing a suitable environment for growth and development. You would also be expected to contribute to the development of a three year strategic financial plan for the organisation which will mean close liaison with all board members.

This opening would be of particular interest to a young accountant or business graduate with experience in a consumer orientated environment. You must be able to interpret financial data with perception, to work under pressure and to establish work priorities. Well developed analytical skills are important with the ability to communicate with clarity and manage and motivate a young team of ten.

A generous benefits package is offered which will include relocation expenses where appropriate to this highly sought after coastal resort. Career prospects are excellent both within the company and parent group.

Please write in strict confidence enclosing full c.v. and quoting Ref. FT155 to the Recruitment Division.

All replies will be forwarded direct to our client, therefore please list on a covering letter any companies to which your application should not be forwarded.

SMEDLEY MCALPINE
67 Long Acre, Covent Garden, London WC2E 9JG.

FINANCIAL CONTROLLER

BERKSHIRE
c. £18,500 + Bonus + Car

Pandair Freight, the UK's leading airfreight agent, has a new opportunity for a qualified accountant at its centralised accounting office situated in Maidenhead.

Reporting to the Financial Director, the successful candidate will be responsible for the UK + Ireland Finance Department which has a total staff of 33.

Applicants should be in their late 20's/early 30's with at least 5 years post qualification experience and will have a broad financial and management accounting background.

Please send a career resumé to:
J. Smith, Financial Director,
Pandair Freight Limited, P.O. Box 8,
Braywick House, Braywick Road, Maidenhead.

PANDAIR
INTERNATIONAL AIRFREIGHT

CAREER OPPORTUNITY

As Managing Director of an established but expanding group of companies operating mainly in the South, I am looking for a bright and enterprising recently qualified accountant (ACA or ACMA) aged 25-30 to join our Management Team.

Salary negotiable, car provided. Only those willing to fully share in our endeavours and to make a career with us need apply.

Please write with full c.v. to the:
Managing Director, Oakley Investments Ltd
City Gates, 2/4 Southgate, Chichester, West Sussex
Tel: (0243) 786548

Life
British National

DEPUTY FINANCIAL ACCOUNTANT

Newly qualified and ready to live up to your potential?

If you're ambitious to get your accounting career into the fast lane, this is an opportunity which deserves serious consideration.

It's the prospect of working with British National Life, the latest UK acquisition by Citicorp, one of the world's largest financial services groups.

Since acquisition at the beginning of the year, our turnover has increased by more than 50% and has enabled expansion of our established and profitable business. As a result, our Financial Accountant now needs a Deputy who can assist him on a growing volume of financial and statutory accounting tasks.

You will be involved in analysing and compiling reports on budgets, forecasts and branch activities and will produce reports for the company and Citibank, both in the UK and USA. To meet the demands of your role and assume your share in Accounting responsibilities, you must be prepared to lead a highly visible role in which your abilities as an effective communicator, analyst and decision maker will be constantly challenged.

Aged at least 23, with good company experience, this is an excellent opportunity to develop strong financial accounting skills in a life assurance company with an unusually auspicious future.

An attractive salary package of around £15,000 is offered with benefits to include free life assurance, non-contributory pension, private medical scheme, and relocation assistance where necessary.

Are you ready to make the most of your newly gained qualifications? Then write with full career details to Peter Bygate, Personnel Director, British National Life Assurance Co. Ltd., British National Life House, Perrymount Road, Haywards Heath, West Sussex RH16 3TP.

PART OF CITICORP

Financial Controller

Kensington

This is a new appointment with a rapidly expanding property company. A bright, highly motivated ACA is sought to assume complete financial responsibility, reporting to the Managing Director.

You will be fully involved in the progression of the company as part of the management team. You should be recently qualified, aged mid to late 20s, and able to demonstrate strong business acumen, initiative and common sense.

Excellent remuneration package and career prospects are offered.

Please send brief cv, in confidence, to Fiona McMillan, Accountancy Recruitment Group. Ref: SSA8/0531/FT.

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

YOU?

Our Client: Electrosonic Ltd, the Audio-Visual and Lighting Systems People. Independent company with profitable turnover about £10M.

The Job: Financial Director

Are You: An intelligent, highly competent, computer literate, articulate, internationally aware accountant? Already in industry or moving from the profession? Aged probably 27-35? Then this could be for you.

Location: Woolwich, with associates/subsidiaries in Canada, Germany, Holland, USA.

Rewards: Salary negotiable to £27K. Car. Pension. Medical Insurance. Confirmation of directorship within 6-12 months.

Action: Please write with relevant details including day-time telephone number and salary progression to David Mackintosh, Manager – Human Resources, 3i Consultants Ltd, 5 Victoria St, Windsor, Berks SL4 1EZ, quoting Ref: DM/597.

(This job is open to men and women)

3i Consultants Ltd
Human Resources Division

Exco International plc is a highly successful financial services Group committed to continual development for itself and its staff.

COMMERCIALLY MINDED ACCOUNTANTS

We currently have opportunities for career minded graduate accountants, either ACAs or ACCAs, aged in their late 20's who have good academic and professional track records.

The positions are all City based and offer highly competitive remuneration packages in the stimulating environment you would expect from a Group such as ours.

They include:
- a senior group accounting role involving financial and management reporting, computer systems development and other projects.
- a financial controller for a rapidly expanding subsidiary. Experience of leasing may be an advantage.
- an operational accounting role within our London based moneybroking division.

Applications are invited from candidates who feel they have the necessary technical skills to cope with increasing responsibility together with creative flair, commercial awareness and the determination to progress their careers in tune with our continuing development.

Please write, enclosing a full cv to **Michael Comras, ACA, Group Financial Controller, Exco International plc, 80 Cannon Street, London EC4N 6LJ.**

EXCO
Exco International plc

Management Challenge

Newbury, Berks. c. £17,000 + car

Our client, a countrywide service company (T/O £30m), part of an international group has exciting development plans.

A qualified accountant (age 25-35 years) is required to join the management team. The wide ranging brief will include responsibility for financial and strategic planning together with the establishment of management information systems to support the business now and in the future.

The position demands an outstanding individual who can combine technical competence with imagination, has well developed commercial instincts and above all, a determination to achieve agreed business objectives.

Write with full CV and daytime Tel. No. to Patrick Donnelly quoting reference FT/104.

tfi The Finance Index
Financial Recruitment Consultants
11 Palmer Street London SW1H 0AB Tel: 01-222 5169/1181

FINANCIAL CONTROLLER

BELGRAVIA, S.W.1.

to £22,000 + car

The job is demanding, the environment at times frenetic.

The group is a plc, entrepreneurial and involved in commercial property investment, development and dealing in the UK and overseas. There has been significant activity over the last twelve months, and in particular two very major acquisitions, which have put a severe strain on the group's resources. It is therefore approaching a period of consolidation before further significant strategic advancement can be properly considered.

The challenge is to up-date the accounts for a number of the group's operating companies, and fast. Beyond this, the role will take responsibility for recommending and implementing a responsive cost-effective computer system and for the profitable management of the individual, property portfolios. The position is a new one requiring the calibre of individual with the potential to make director in due course.

Candidates should be qualified accountants, preferably chartered, with a minimum of four years' successful experience of hands-on accounting and administration. Computer literacy is essential. Personal attributes perceived for success include resilience, flexibility, commercial flair and an ability to assess priorities and achieve given deadlines. Preferred age: around 30.

To apply, please write enclosing personal, career and salary information to:

Ian Tennison, Executive Selection Division,
Hacker Young Management Consultants,
St Alphage House, 2 Fore Street,
London EC2Y 5DH.

Hacker Young
MANAGEMENT CONSULTANTS

Accountancy Appointments

Financial Controller

London

c.£25,000 + Car

This is an excellent opportunity to join a small but expanding retail operation. The company has established an enviable niche in a highly competitive sector and built a reputation for quality. Current turnover is in excess of £5.5 million and the company is committed to the further expansion of its outlets.

The company is seeking a financial executive whose skills will complement the entrepreneurial and creative talent of the current management team. Heading a team of six, the Financial Controller will report to the Managing Director and have responsibility for day to day financial management, including the preparation of management and statutory accounts, planning and budgeting and ensuring the implementation of proper controls.

Candidates should be qualified accountants in their early 30s with a proven track record within the retailing sector, including the operation of computerised accounting systems. Experience of a smaller company environment would be beneficial, but of more importance is a pragmatic and flexible approach and the ability to make a creative financial contribution to management decisions. Strong man-management and communication skills are essential to achieve the objectives of the company.

Please reply in confidence, giving concise career, salary and personal details quoting Ref. ER847 to:

Micheline Wilkin, Executive Selection,
Arthur Young Management Consultants,
Rolls House, 7 Rolls Buildings,
Fetter Lane, London EC4A 1NH.

Arthur Young Executive Selection
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Finance Director

S. Midlands — **around £25,000 + car**

Our clients are a successful and rapidly growing group in the retail motor trade, including car sales, rental and contract hire, parts, service and forecourt operations. They wish to strengthen further their financial control by appointing a finance director.

The successful candidate will be responsible to the chairman and managing director for developing tight financial controls over the subsidiary companies, improving systems and managing the treasury functions with a view to seeking a flotation as soon as appropriate. There is scope for enhancing further and integrating the use of computers at both subsidiary and group level.

Applications are invited from qualified accountants, preferably chartered aged 30 to 35, who should have good commercial experience, ideally gained in the motor trade, and with the character to play a positive role in controlling the finance functions in this dynamic business, and contributing to its future growth.

Please write in confidence, with full career details, quoting reference 6963/L to John W. Hills, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

Truman Miles

Graduate ACA's for UK and US Bankers

We invite you to discuss career appointments, commencing in:-

Leasing & Credit Analysis
Corporate Finance
General Accounting
Audit and Investigations

This invitation is open to '85 and '86 qualifiers, not necessarily major firms trained in London. Relocation and Mortgage Subsidy are provided.

Call or write, in confidence 01-248 20223 after 8pm 01-558 0085. TG/11 Bishops Court, Old Bailey, London EC4M 7EL.

Appointments Wanted

ENERGETIC, ARTICULATE GENTLEMAN

of Entrepreneurial Disposition

Mid 30's Southern based Wishes to assist in business whose proprietor envisages cutting back on active participation through viz retirement

Write Box A0136, Financial Times 10 Cannon Street, London EC4P 4BY

GROUP FINANCIAL ACCOUNTANT

Major international financial services group

Up to £30,000, prestige car, excellent benefits — **City**

The group's revenue exceeds £½ billion, with profit well above 20% on revenue. Corporate plans are based on client-driven growth, the corporate style on open communication, the corporate environment on luxurious open-plan. We are looking for a young, high calibre chartered accountant, to control the preparation of monthly, quarterly and annual financial reports. Just as the company's approach — market oriented, stylish, dynamic – is light years ahead of the perceived fustiness of many other city organisations, so our ideal candidate will be a very untypical city accountant. Professional standards are high and we have set experience requirements to maintain them. We are stipulating at least five years, post qualification, with a major firm plus two years with a large public company; we need experience of large multi-national consolidations and the preparation of published financial statements, knowledge of public company reporting requirements and familiarity with both micros and mainframe accounting systems. But five plus two only equals seven, so we are expecting our best candidates to be late twenties/early thirties. Certainly, they'll be fast thinking and articulate with strong inter-personal skills. Communication lies at the heart of the job. International promotion prospects will match the needs of the most ambitious. Please send full career details to Malcolm Coates, quoting reference LI 6091.

LINK 13/14 Hanover Street, London W1R 9HG. Telephone 01-493 5788.
Link International Search & Selection Ltd.

Financial Director

Manchester
Garment Manufacturer
circa £30,000 + car and benefits

A high quality clothing manufacturer, with a £20m turnover and plc potential, wish to appoint a Financial Director to take full control of the finance function and influence positively strategic issues and general management decisions.

Reporting directly to the chairman and managing director, responsibilities will include business planning, the enhancement of computer based management information systems and the direction of twenty personnel engaged in cost, financial and management accounting, budgeting, payroll, treasury management and EDP activities.

Remuneration is negotiable and benefits include executive car, BUPA, contributory pension scheme and if appropriate, relocation assistance. Successful performance will be rewarded by an invitation to participate in a share option scheme.

Chartered Accountants, aged 30 to 40 with senior management experience in the garment manufacturing, or a related high volume batch production industry are invited to forward a written application, quoting MCS/126 and enclose curriculum vitae with current remuneration details to Stephen Carter at:

Price Waterhouse
Management Consultants
Executive Selection Division
York House
York Street
Manchester M2 4WS

Price Waterhouse

MORGAN STANLEY INTERNATIONAL

Controllers Department

Career Development Programme for outstanding University graduates

We are searching for a select few who have the intelligence, discipline and initiative to dedicate all of their skills and energy to pursuing a unique career in the international securities industry.

The role of the Controllers' Department is to provide timely and accurate information for monitoring the firm's financial performance and making important business decisions. The department is organised into business unit controllerships which maintain close, daily contact with each of the firm's major trading areas.

Our Programme Offers;

- An outstanding compensation programme. We offer a starting salary significantly above that which most graduates can obtain in other entry level positions. Thereafter we reward staff strictly according to performance and their ability to take on increasingly complex responsibilities.
- A means of establishing a high growth career in a challenging industry. We offer a significant amount of training in both accounting and in the securities industry, plus the opportunity to work with exceptionally talented securities industry and accounting professionals.
- The objective of the three year training programme is to produce professionals with practical accounting skills and the knowledge to use them as a tool to approach business problems.

Requirements:

Individuals selected for this programme will have performed with distinction during their academic careers and be anticipating an excellent university degree. Analytic and numerate skills are essential.

Please send a comprehensive C.V. and a covering letter in which you outline your reasons for applying for this programme.

Mrs. Lynn Hopping
Morgan Stanley International
Commercial Union Building
1 Undershaft
Leadenhall Street
London E.C.3

FINANCIAL ACCOUNTANT

To £16,500

Central London

ARE YOU READY TO DEVELOP WITH A HIGH-GROWTH DIVISION OF BT?

The New Information Services division of British Telecom Enterprises is involved in new electronic publishing ventures in the software and teletext viewdata fields.

Like the market in which it is so successfully operating, NIS is growing at a remarkable rate thanks to innovative technology allied to shrewd commercial judgement and deft financial management.

Our Accounting teams face the intriguing challenge of preparing a relatively small organisation for a period of considerable expansion. There are new computerised systems to be developed, accounting policies to be refined and resources to be allocated against the backdrop of the day to day accounting activities.

We are seeking a recently qualified or Finalist Accountant to play a key role in this exciting future. A man or woman with the commercial acumen to develop a full range of computerised ledgers for the NIS Financial Accounting function whilst directing the production of the normal monthly accounts. Leading a 2-3 person team, you'll encounter a constant variety of projects which will stretch your resource management skills and call on your qualities as a motivator and a communicator.

In short, for total involvement in a highly innovative commercial environment, here is the ideal opportunity. Succeed, and a long term future beckons within the broad career spectrum of British Telecom.

The post is pleasantly located close to London's Covent Garden area and carries an attractive salary up to £16,500 with excellent benefits.

If you're ready to grow with BT, please telephone Debbie Simmonds on 01-240 1887 or write to her with full details of your qualifications and career to date to: British Telecom, VASS Personnel, Wellington House, 6-9 Upper St Martins Lane, London WC2H 9DL.

Please quote ref FT1.

British TELECOM

Chief Accountant

Plastics Industry

c £20,000 + Car — **North East England**

To head the Finance Department of the newly-established UK Manufacturing subsidiary of an expanding French Company, a European market leader, supplying large blow-moulded containers to the Chemical Industry. Sales turnover, currently FF 500 Million, is increasing by 45% p.a.

The role combines management of a small team with overall responsibility for the Financial function and commercial involvement as part of the management team.

Candidates, aged 35-45 should be qualified (FCA, FCMA or FCCA) with broad accounting experience including costing and foreign exchange. Knowledge of the Plastics or Chemical industry would be an advantage as would linguistic ability in French or German.

Please write – in confidence – to Peter Lewis Ref. 503603 or telephone 01-499 3705 (anytime) for an application form and further details.

EGOR INTERNATIONAL LTD
Selection consultants
178/179 Piccadilly, London W1V 9DB

egor
LONDON PARIS LYON NANTES STRASBOURG TOULOUSE MILANO PERUGIA ROMA VENEZIA DUSSELDORF

QUALITY SCHEME FOR READY-MIXED CONCRETE

This organisation, formed two years ago, provides an independent assessment of the operating standards in the U.K. Ready Mixed Concrete Industry. The total staff complement is five at the Head Office in Hampton, Middlesex, together with eight field staff; annual turnover c. £400,000.

WE REQUIRE A

COMPANY SECRETARY

who will be responsible to the Chief Executive for the administration and control of Head Office. The duties will include maintenance of accounts, including preparation of monthly and annual accounts and budgets and the accreditation system in general including the system of records of inspections and assessments.

Whilst not responsible for technical matters, the Secretary will have the task of ensuring efficient response to, and liaison with, Member Companies and the public and private sectors of the Construction Industry. Some experience of relevant legal issues would be an advantage.

The successful candidate will have the flexibility and self-motivation to meet the various requirements of a small organisation. Relevant experience is required. Appropriate qualifications (FCIS FCCA FCA) would be an advantage.

The post commands an attractive remuneration package, including car, contributory pension and other benefits.

Applications with full career details and salary progression to:
Secretary-General, QSRMC,
Wolsey House, High Street, Hampton, Middlesex TW12 2SQ
to arrive not later than 9 June 1986.

Consultative Committee of Accountancy Bodies

Secretary - Accounting Standards Committee

London — **around £25,000**

The Technical Directorate of the Institute of Chartered Accountants in England and Wales, acting on behalf of the Consultative Committee of Accountancy Bodies, wishes to fill one of the most senior positions amongst its twenty qualified staff. The post offers a challenging opportunity to a high-calibre, young accountant who wishes to be involved in the development of accounting standards. The successful applicant will supervise the work of three qualified staff. The work involves regular contacts with leading members of the profession in practice, industry and commerce, as well as with outside organisations. The knowledge and experience to be gained in this post should provide the holder with a unique advantage in developing his or her future career. Candidates must be qualified accountants, preferably graduates, who can think and write clearly about technical matters. Ref: 1391/F.T. Write or telephone for an application form or send full details (with telephone numbers and current salary) to R. P. Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Telephone 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

Management Personnel

ACCOUNTING IN THE CITY

Head of New Issues

c£20,000 + Bank Benefits

Enter capital market operations by producing performance related data for a major U.S. Bank. You are probably 28-32 and a graduate ACA. Ref: RWS 0136

Assistant Controllers

£18,500

If you are recently qualified (ACA/ACCA/ICMA), aged 24-28 seeking to develop your reporting abilities and managerial skills within a sophisticated computerised environment, then a market leader within energy sector would like to hear from you urgently. Ref: PSW 0135

Telephone 01 256 5041 (out of hours 01 809 2783)

10 Finsbury Square
LONDON EC2A 1AD

Accountancy Appointments

CHIEF ACCOUNTANT

TO £18,000+BENEFITS

Watson Ward Albert Varndell Limited, a large and expanding direct marketing agency based in the West End of London, wish to appoint a Chief Accountant to lead a busy finance department and to work closely with other departmental managers.

Reporting to the Financial Controller, you will assume full responsibility for the day-to-day accounting operations, including staff supervision of nine personnel. You will also be responsible for the preparation of management and financial accounts and will be involved in development of the accounting systems throughout the Group.

The successful candidate will be a qualified accountant (ICMA/ACCA/ACA) who has had previous commercial experience in a job costing environment. A full understanding of computerised systems is essential.

An excellent package is offered including car, pension scheme and private health insurance. *Applicants are invited to send a full curriculum vitae to.—*

J. A. W. Martin, FCA
Moores & Rowland
115 New London Road.
Chelmsford, Essex CM2 0QT

Accounting Development

London Based **Major Clearer**

to £35,000 + car & banking benefits

Our client, one of the U.K.'s leading banks, seeks an ambitious young accountant to head its accounting development unit.

Key tasks will include implementing improved accounting disciplines and standard practices throughout the Group, and acting as technical advisor as complex new products emerge and sophisticated new systems are implemented.

Candidates should be graduate chartered accountants, probably aged 30-35, who have achieved significant results in a senior development role, preferably in the financial services sector. This will have included the development and installation of modern general ledger packages and MIS systems. Essential qualities will include a strong intellect, determination, persuasiveness and excellent communication skills.

The Group offers considerable opportunity for career progression.

Please reply quoting reference 151/FT stating any firms you do not wish your application forwarded to, and giving earnings record, age, and educational and career history to:
Mandy Eldridge,
Royds Personnel Services, Royds House,
Mandeville Place, London W1M 6AE.

RPS

Royds Personnel Services London Limited

Financial Controller

c£27,500 + Car
Professional Services

This substantial professional organisation provides services in a number of substantial and clearly defined business areas to industry, commerce and private individuals. There is a comprehensive UK branch network, organised as profit centres, which reaches a wide ranging and successful client base.

They now wish to appoint a Financial Controller to provide management accounting information and analysis; advice and assistance to top management; management of the budgeting and planning activities and financial accounting preparation. Management responsibilities include the Accounts Department and Computer Department (IBM) with combined headcount of 25.

Applicants should be Chartered Accountants in their early 30's with several years management accounting experience in industry or commerce. The ability to understand the economics of the various businesses and the interpersonal skills to be accepted as adviser by other professionals are important requirements. Location Central London.

Please reply in confidence quoting ref. L240 to:—

Brian H. Mason,
Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel: 01-240 7805.

Mason & Nurse
Selection & Search

Accountancy Appointments
£41 per single column centimetre

QUALIFIED ACCOUNTANTS FOR INTERNATIONAL BANKING

PACKAGES FROM £20,000 to £27,000

Our client is a major International Bank currently implementing an important realignment to maintain competitiveness in the rapidly changing financial markets. Several opportunities have been created for outstanding Accountants in the areas of systems development, financial reporting, and financial planning and analysis.

Openings exist at varying levels within the organisation from recently qualified up to middle management levels. All are City based and offer excellent prospects for personal advancement and career development.

These challenging opportunities will appeal to ambitious, self motivated individuals. Previous financial services sector exposure and experience of advanced computerised accounting systems would be a definite advantage.

If you believe that you can contribute in this dynamic environment please write, enclosing a detailed c.v. and a list of companies to whom your application should not be forwarded, quoting Reference 863, to Felicity Hother at the address below.

Anderson, Squires Ltd.,
Bank Recruitment Specialists
127 Cheapside, London EC2V 6BU.

Anderson, Squires

Financial Controller

West of London
c £28,000+car

Technical excellence, a radical and dynamic approach combined with the highest level of product integrity has made our client a world leader in the supply of telecommunications equipment to both the public and private sectors.

In this complex and fascinating international marketplace, the major imperative is the quality of the financial advice that influences Board level decision making. This is particularly relevant in the field of large scale 'non-routine' orders where your technical expertise and commercial acumen will be of paramount importance.

Probably aged 30-40 your academic background and professional qualifications will be impeccable. With a proven track record you will display a degree of competence that suggests not only the ability to fulfil this function but also the potential to progress well beyond it.

In the first instance contact Kevin Cottrell on Bristol (0272) 429657 or write to Search Elite, The Old Vicarage, 18 Portland Square, Bristol, BS2 8SJ.

Search Elite

M&R

FINANCE AND ADMINISTRATION MANAGER

c £16,000 plus benefits **Swanley Kent**

Adams Rite Manufacturing Co. is a privately owned California, USA, based company with a dominant world-wide position in the manufacture and supply of security mechanisms.
An exciting opportunity has arisen for a qualified accountant at the established UK based European distribution company. The successful candidate will report directly to the USA parent company and have complete responsibility for financial and administrative matters, including cash management, financial reporting and the smooth operation of computer systems.
Candidates will be aged between 28-40 and have acquired good commerical experience in a similar environment. Experience of management reporting to strict deadlines and the use of computer systems is essential.
The position demands a strong personality with effective communication skills and a commitment to the success of the organisation.
Please write with full career details to R. Rabòne, Director.

MOORES & ROWLAND

50 St. Andrew Street,
Hertford SG14 1JA
Tel: Hertford (0992) 59321
Telex: 818742 MARCA

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

Financial Controller

£30,000 plus car, bonus and banking benefits.

Our client is the subsidiary of a major financial institution and operates within the U.K. mortgage market.

Reporting to the Finance Director, you will assume immediate responsibility for the day to day control of the accounting function. This involves all statutory, financial and management reporting matters as well as the development of a management information system. Duties will also include a wide range of operational and customer accounting issues, such as taxation, insurance and fee accounting, payroll and the production of all MIRAS related reports and returns.

Candidates will be graduate Chartered Accountants (aged 30/38) with at least three years' Building Society, Banking, Home Loans or Consumer Finance experience. They will be totally familiar with all aspects of modern accounting requirements and the use of computerised systems. They will be self-motivated and confident with well developed interpersonal and management skills, able to communicate effectively and work under pressure.

This is a career position that requires a high level of energy, initiative and commitment to continually meet the challenges that this role will present.

Please write, enclosing full career details, or telephone Martin Krajewski in the strictest confidence.

FIRTH ROSS MARTIN ASSOCIATES, WARDGATE HOUSE, 59A LONDON WALL, LONDON EC2M 5TP. TELEPHONE 01-628 2441

Firth Ross Martin

Financial & Professional Selection Consultants

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Finance Director

A strategic role in a high growth plc
London c. £50,000, Executive Benefits

The growth rate of this highly successful systems company is exceptional by any standards. Within a highly competitive marketplace it continues to win multi-million pound systems contracts with major international corporations involved in defence, manufacturing, high technology and financial services both in the UK and overseas. Future success in achieving the Company's ambitious growth objectives will depend on astute and highly developed financial management skills. An individual of exceptional calibre is now required to control the financial affairs of the company and in particular to provide incisive input in the areas of corporate finance, acquisitions and the financial management of major contracts. Aged 40+ you will be qualfied and currently finance director of a significant publicly quoted PLC within a high technology contracting environment. You will be persuasive, decisive and be able to assert yourself rapidly with a highly intelligent, professional team. Prospects are excellent.

Male or female candidates should submit in confidence a comprehensive C.V. or telephone for a Personal History Form to *J.R. Salmon, Hoggett Bowers plc, 1/2 Hanover Street,* LONDON, *W1R 9WB*, 01-734 6852. *Ref:26022/FT.*

SOMERSET HEALTH AUTHORITY

Director of Finance & Management Services

c. £25,000 + car

This is a new board level post, created as part of the introduction of general management in the District. Responsibilities will encompass the development of information and computing systems, as well as the provision of financial services and financial advice to the Authority and the District General Manager.

The Authority serves a population of 385,000. It has a budget of £77m and employs 7,800 staff.

Candidates should be qualified accountants with a track record of success in public or private sector management.

Information package and application form available from Barry Brown, District Personnel Officer, County Hall, Taunton, TA1 4EJ. Tel: (0823) 73491 Ext. 264.

Candidates who, after receipt of the information package, wish to have an informal discussion with Mr. Ian Smith, District General Manager, should telephone, as above, on ext. 225.

Closing date for applications: 6th June, 1986

EUROPEAN TROUBLESHOOTER

ACA aged 26 - 33 **neg. to £25,000 + CAR**

Our client, based in SURREY, is a U.S. multinational manufacturer with European turnover in excess of $300m. They seek a capable young ACA or equivalent with a good professional background keen to travel substantially within Europe and preferably with a high level of language ability in GERMAN or FRENCH.

The successful candidate will be supported by a small staff and should be a good communicator, self-reliant, enthusiastic and hard-working.

An annual visit to the USA results in high visibility to senior management. Prospects for promotion are therefore FIRST CLASS and indeed this vacancy arises as a result of internal promotion.

Please contact:

GEORGE D. MAXWELL
Managing Director
ACCOUNTANCY APPOINTMENTS EUROPE
1-3 Mortimer Street, London W1
Tel: 01-580 7695/7739 (direct)
01-637 5277 ext. 281/282

Accountancy Appointments Europe

Financial Director – Designate

Central London **to £25,000 + car**

Our client is a newly-formed company which distributes high-quality apparel and accessories for the luxury market throughout Europe. After a successful start in the UK it has plans for considerable expansion.

The Financial Director – Designate will operate a new computerised business system now being installed, introduce effective management controls and information procedures and assist the MD with growth plans.

Candidates, aged 30-45, must be chartered accountants with appropriate experience of the function gained in a branch of the clothing industry eg manufacturing, importing or retail. Experience of the secretarial function and of multi-currency work would be an advantage.

Please write in confidence, enclosing detailed CV and quoting reference F6051, to Cyril Williams at 25 New Street Square, London EC4A 3LN.

Clark Whitehill Consultants

Executive Selection

Accountancy Appointments

Financial Controller

North London

c£26,000 + Car

Our client, probably one of the most successful UK PLC's in recent years, is an International group with strong interests in general trading and the production and marketing of leisure goods. Volume of activity coupled with strong financial performance now presents a balance sheet of considerable strength and a turnover level for the group of c£300m.

This fast expanding and acquisitive organisation now seeks to recruit a high calibre Chartered Accountant who will report to the Finance Director and hold responsibility for the total group accounting function. The position will head a team of 25 staff and also carry out operating companies' accounts compilation.

Suitable candidates for this exciting opportunity will be qualified Chartered Accountants age indicator 30-35, who have had sound technical accounting experience and good exposure to computer systems.

The position also requires the individual to be totally involved in the function as part of a lively team.

Please write enclosing a full curriculum vitae quoting ref. 107 to:
Nigel Hopkins FCA, 97 Jermyn Street, London SW1Y 6JE.

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

Financial Appointments

Salaries c.£17k-£20k

The London Docklands Development Corporation is making remarkable progress in its prime task of the permanent regeneration of eight square miles of London Docklands.

The Corporation has adopted an open, flexible and innovative management and organisational style based on interdisciplinary team working as well as central core professional teams. We work very closely with the private sector and our management style tends to reflect this. We are now seeking to supplement our small, highly professional Finance Team with young, ambitious professionals for the following positions:

Management Accountant

who will provide a comprehensive Management Accounting service at all levels of management for both revenue and capital expenditure and income. Candidates will be qualified accountants with management accounting experience. Salary up to £20K inclusive.

Systems Accountant

who will be primarily responsible for the enhancement and development of a recently introduced PPL accounting package. Candidates will be qualified accountants or will be able to demonstrate a broad technical knowledge of accounting techniques and practice. Experience in the use and/or management of accounting systems is desirable. Salary up to £17K inclusive.

Financial & Economic Analyst

who will provide core professional financial support to one of our multi-disciplinary area-based development teams which will include financial evaluation of projects, budgetary control and the monitoring of a large capital/income and expenditure programme. Candidates should have broad practical experience of financial and economic analysis techniques and methods. Salary up to £18K inclusive.

Candidates should be able to demonstrate relevant experience in either the public or private sector.

Candidates should write or telephone for an application form, specifying the post applied for to: David Lowman, Personnel Manager, LONDON DOCKLANDS DEVELOPMENT CORPORATION, West India House, Millwall Dock, London E14 9TJ or telephone 01-515 3000 Ext 3285.

If you wish to discuss your application informally you may telephone Bob Stubbs, Financial Controller, 01-476 3000.

Relocation expenses will be payable in appropriate circumstances.

We intend to start reviewing applications on Monday 9th June, 1986.

THE EXCEPTIONAL PLACE

LONDON DOCKLANDS DEVELOPMENT CORPORATION

An equal opportunity employer

INFORMATION AND FINANCIAL SYSTEMS DEVELOPMENT

London **c. £23k + Car/Benefits**

Our client, a well-established, prestigious financial institution providing high-class banking and other financial services, plans substantial investment to further develop its Computerised Management Information and Accounting Control systems (MIAC).

The successful candidate for this new appointment will have responsibility for leading this major project, with key task areas to include the detailed planning of the MIAC systems, involving users at all stages; establishing and managing project teams to undertake the development work; and, ensuring financial control procedures are maintained on both new systems being introduced and on changeover from one system to another.

Candidates, probably aged 30-38, must be qualified accountants, will already possess proven skills in the management of systems development, preferably within the financial services sector. A working knowledge of asset and liability management in a treasury function would be an added advantage.

The ability to manage and lead a small team together with the establishment, organisation and management of project teams is an essential requirement.

This challenging opportunity will appeal to a self-starting and creative financial systems expert, an attender to detail who is able to communicate effectively at all levels.

A highly competitive salary and package is offered and excellent career prospects are available.

Please apply:
Stephen Mawditt, Managing Director

Senior Management International
Executive Search Consultants
Landseer House
19, Charing Cross Road
LONDON WC2H 0ES

FINANCIAL DIRECTOR

(Bedfordshire)

A small computer services company (not involved in manufacturing or equipment sales) is seeking to appoint either a mature part-time FD or a younger full-time person, with appropriate qualifications, who can quickly grow into this very senior corporate role. The company is over six years old, is well established and has a phenominal growth record with a turnover in excess of £M1, attained without the benefit of any capital investment so far. The appointment will be with the newly formed parent company; the employment package and benefits will be negotiated accordingly.

Ideally, the company is seeking perhaps a retired or semi-retired FD or ex-Marketing Director who is prepared to invest and who is willing to assist in the company's growth towards eventual entry onto the USM or a full quotation. An equity stake in the business, either immediately in return for investment or later in return for commitment and talent, will be discussed willingly.

Interested parties should write in complete confidence to The Chairman, Box A0151, Financial Times, 10 Cannon Street, London, EC4P 4BY.

During the 1980's the management consultancy business *has become an increasingly competitive market place.* At Touche Ross, we firmly believe our growth achievements over the past few years to have been significant, even impressive.

The figures above may speak volumes about our recent *past, but perhaps even more for our future, and for the future* of people joining the company in 1986, when an even higher percentage growth increase seems likely. Clearly, opportunity is the key word of our proposition. Opportunity for constant intellectual challenge. Opportunity for personal achievement. *And opportunity for rapid career development.*

This upward trend, linked to our commitment for excellence, creates a continuous requirement for top-calibre people with a good first degree, appropriate professional qualification (particularly in Accountancy or Economics) and 3 years' relevant experience.

The nature of our work is essentially problem solving; providing reasoned, practical solutions to often complex assignments *emanating from every aspect of business life.* In this type of constantly changing environment you will be able to gain a much broader base of business experience than would have been possible from a pure line role.

Excellent training allied to a wealth of knowledge *available from more experienced colleagues* will help ensure your short and long-term success. Exceptional men and women are progressing to partnership in 3-4 years and thrive in our open, informal structure which is geared to strategic self direction.

Salary will not present a barrier. A company car is also provided. If you wish to consider joining us in London, Manchester or Glasgow, please write or telephone in absolute confidence, to: Michael Hurton, (Ref 2664), Touche Ross & Co., Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.

Touche Ross
Management Consultants

ICI

Young Accountants

Exceptional Career Opportunities

North West/North East £16,000+

With an international turnover of c£10bn. Imperial Chemical Industries Plc has attained outstanding success based on the consistent achievement of results.

The financial control of this diverse and technically complex organisation demands the use of highly sophisticated management information systems, together with the most advanced financial and management techniques available.

Opportunities now exist at the above locations for exceptional graduate chartered accountants (aged 23-28) who can show the intellect, drive and ambition to succeed in this dynamic environment. The initial posts are within the corporate audit group from which you can expect to progress rapidly to more senior line positions, with opportunities throughout the company, having gained a wide understanding of *its operations.*

Relocation assistance is available where appropriate. Interested applicants should contact David Kennedy, quoting Ref 7039, on 061-228 0396 or write to Michael Page Partnership, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Group Financial Controller

North West
Civil Engineering & Building Contractors

This influential appointment has arisen due to the unexpected death of the Group Finance Director. It is a position providing total responsibility for the financial and secretarial affairs of a public group whose extensive civil engineering activities are both national and international.

The role will provide participation in all aspects of the business, and requires not only a first class practical, qualified accountant from the industry, but one with a sound commercial understanding of contracting. Systems, which are computer-based, IBM 34, are generally well developed. However, the Controller must anticipate an involvement in extending these further.

The remuneration package is negotiable over £20,000, and includes an annual bonus and company car.

This is a first class career opportunity in a progressive public company.

R.D. Howgate, Ref:27431/FT. Male or female candidates should telephone in confidence for a Personal History Form 061-832 3500, Hoggett Bowers plc, *St. John's Court, 78 Gartside Street,* MANCHESTER *M3 3EL.*

Group Accounting Manager

West London ***c£25,000 + car***

A major quoted UK group is devoting considerable energy to improving its accounting systems and computerised database. There is a key role to be played by a highly professional and competent chartered or certified accountant who can demonstrate significant:

* experience in assembling and reviewing performance reports and statutory accounts for *a large multi-operation, multi-currency group*
* systems exposure in large commercial or industrial companies
* experience of the establishment/installation of major group accounting policies and procedures
* personal qualities appropriate to accelerated development in and beyond this function

This is a challenging job likely to interest those aged between 30 and 45 who are seeking an important career move.

Write in confidence to John Gregory at JC&P, Selection Consultants, 104 Marylebone Lane, London W1M 5FU, showing clearly how you meet our client's requirements, quoting 5117/FT. Both men and women may apply.

JC&P
John Courtis and Partners

European Analysis

Wilts/M4 **c.£25K + Granada**

Our Client, the European H.Q. of a US Electronics Corp. leads in technological and architectural innovation. Strategic marketing, multi-million $ R&D budgets and *ambitious plans have created this opportunity.*

UK based, but travelling within Europe, (approx. 60%), you will analyse key business activities making recommendations to maximise profitability. Success will ensure promotion to European Audit Manager in '87 and an early Controllership.

Qualified Accountants aged 26-35, with the ability to liaise with multi-level management should apply. *The Company offers first class benefits and full relocation.*

Apply, in complete confidence, quoting ref: CG/2145.

Tel: 01-242 6321 Personnel Resources 75 Gray's Inn Road London WC1X 8US

Personnel Resources
Commercial & Industrial Division

KANSALLIS-OSAKE-PANKKI

REQUIRES AN

ASSISTANT MANAGER — FINANCIAL PLANNING

We require a young accountant CA/ACA keen to join the Financial Department of the London Branch of this highly respected Finnish Bank.

The successful applicant would contribute their special expertise in the fields of tax planning, budgeting and project accounting.

A competitive benefits package will be offered to the candidate who qualifies to meet the above requirements.

KANSALLIS-OSAKE-PANKKI
London Branch, Licensed Deposit Taker

Applications in writing to Miss D-J. Hunn
Kansallis-Osake-Pankki
Kansallis House, 80 Bishopsgate
London EC2N 4AU

Accountancy Appointments

Group Accountant

c. £25,000 + car

Our client is a public Group, with its headquarters in the Midlands, a turnover around £50m and employing over 1,350. There are several subsidiaries operating profitably in the areas of inks, paints, wall coverings, property and retailing. Due to re-organisation, a dynamic, ambitious and experienced accountant is now required to fill this key position at the Group's headquarters.

Reporting to the Group Financial Director, the person appointed will carry responsibility for all the Group's accounting. He/she will control a small head office team working not only on regular Group reports, but also co-ordinating the development and upgrading of accounting standards and procedures within the whole organisation. There will also be varied ad hoc accounting projects and internal audit work.

Aged 28 to 38, candidates should be qualified accountants with at least five years experience in financial management in manufacturing industry. Some experience of operating at Group level in a medium to large sized company in the process or engineering industry would be advantageous. Experience of implementing and operating computer based standard costing, budgetary and stock control systems is essential.

The remuneration package includes a company car, good pension scheme, medical insurance and if necessary, assistance with relocation costs.

Please write or telephone for an application form or send detailed CV to D.J. Dewhirst, at the address below, quoting reference AA55/9736/FT.

PA

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

6 Highfield Road, Edgbaston, Birmingham B15 3DJ
Tel: 021-454 5791

International Tax Manager

Major British PLC
London
Neg from £28,000 + car + benefits

Ranked amongst Europe's largest companies, this highly-regarded international services group is embarked upon an aggressive acquisition programme in its chosen sectors of operation. To strengthen the group tax function, a tax professional is now sought for this challenging new position.

Based in London and reporting to the Group Tax Manager, the person appointed will take full responsibility for reviewing the group's overseas tax liabilities, initiating and implementing tax planning, advising upon the optimum structuring of foreign investments and controlling profit remittances. The group has interests in many parts of the world, including North America, Australia, Far East, Africa and Western Europe and substantial travel is envisaged.

This will be a stimulating role offering considerable scope for an ambitious, qualified accountant to demonstrate initiative and make an impact. Several years international taxation experience gained with a large UK-based international group will be required.

The compensation package is for discussion and will be geared to attract the right candidate for this senior appointment. Such is the size of the group and their commitment to career development that long-term prospects are excellent.

Candidates should write enclosing a full CV and quoting reference MCS/2033 to Milton Ives:
Executive Selection Division
Price Waterhouse
Management Consultants
Southwark Towers
32 London Bridge Street
London SE1 9SY

Price Waterhouse

Group Financial Accountant

West of London **to £20,000 + car**

Part of a substantial worldwide group, this UK company has a turnover around £150m and is a major supplier of materials to the construction industry. Its activities are spread throughout Britain on some 200 sites, and the accounting organisation is centred at headquarters to the west of London. The person appointed will report to the Chief Accountant and manage the Group Financial Accounting Department comprising some 20 staff. The wide responsibilities will include the preparation of half-yearly accounts for the parent group and UK statutory accounts involving the consolidation of some 15 subsidiary companies. Candidates, probably in their 30s, must have a sound professional accounting background followed by a successful period in industry. Salary is negotiable up to £20,000 plus car and appropriate benefits.

Please send brief cv, in confidence, to Peter Greenaway, **Ref: AA51/9839/FT.**

PA

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

HEAD OF FINANCE & ADMINISTRATION

London/Surrey **c.£30,000 + car**

This is the key position with a newly formed U.K. subsidiary of a highly respected French company, a market leader in the field of computer rentals. Reporting to the Managing Director, the person appointed will play a major role in ensuring the success of the new venture.

Establishing the company's credibility with banks and City institutions and conducting subsequent negotiations are areas of prime importance.

Candidates, ACA qualified and aged 30-40, must have several years commercial experience and be familiar with leasing agreements and contract law.

Essential personal qualities include well developed administrative skills, the drive and enthusiasm necessary to set up, from scratch, an effective finance and accounting function and the ability to relate well in a sales lead environment.

Written applications, enclosing up-to-date curriculum vitae, should be submitted in strict confidence to Eric Sutton at our London address quoting reference no. 1016/6734.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
163a Bath Street, Glasgow G2 4SQ. Tel: 041-226 3101
India Buildings, Water Street, Liverpool L2 0RA. Tel: 051-227 1412
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

DLA

Gabriel Duffy Consultancy

Sutcliffe Catering Group

Group Financial Controller — West London

Sutcliffe Catering Group Limited, a subsidiary of P&O, has a 40-year history in the provision of catering services for a variety of industrial, commercial and public sector clients.

Promotion has created the need for a Group Financial Controller to be responsible to the Group Financial Director for Group consolidated accounting reports, the monitoring of budgets, accountancy standards, project evaluations and a variety of ad-hoc assignments. This will involve working in close association with the Parent and Subsidiary Companies' Finance Directors and Staff.

The successful candidate will be a commercially aware qualified accountant, aged 25-30, who can demonstrate superior interpersonal skills, possibly, but *not* essentially, with some experience in a fast moving service industry.

This is an excellent career move for a young and ambitious accountant who sees the advantage of a corporate role, en route to becoming a Financial Director. Salary will be commensurate with experience and will include a fully expensed car, excellent company benefits, and assistance with relocation if appropriate.

Interested applicants should write to **Michael Herst**, consultant to the organisation for this recruitment assignment or telephone **01-831 2288** (day) or **01-550 1970** (evenings & weekends).

Gabriel Duffy Consultancy, Financial Selection and Search, 31 Southampton Row, London WC1B 5HJ.

Group Financial Control

Financial Services

Central London **£18–22,000 + mortgage etc**

Our client has a substantial presence in the financial services sector with many products which are market leaders in their specific fields.

Two high calibre accountants aged mid/late 20s with proven post qualification experience gained either in the profession or commerce are sought to strengthen the group's central finance team.

Varied and stimulating tasks will include monitoring the usage and movement of funds and the preparation and review of group results, budgets and plans. Numerous ad hoc exercises will include producing and analysing financial reports and business appraisals.

Specific responsibilities in one of these positions will be for leasing operations and assisting with group banking arrangements and developments.

The scale and diversity of business and the group's future plans make these exceptional career opportunities for ambitious young accountants. They will provide challenge and experience on a scale not readily available elsewhere and will be invaluable for anticipated progression into financial or general management, either at the centre or in operating divisions.

Please write in confidence with full career details or telephone David Tod BSc FCA on 01-405 3499 quoting reference D/434/CF.

Lloyd Management

125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

FINANCIAL CONTROLLER

Our client is a small specialist manufacturing company in a young industry, currently preparing for flotation in the U.S. Substantial anticipated growth has created this requirement for a U.K. Controller. Controlling nine staff at three locations and working closely with the U.K. General Manager, the controller will have overall responsibility for all accounting within the U.K., as well as the implementation of new systems. Candidates should be qualified accountants, aged 30-40, with the ability to manage growth. Ref: GR.

SUFFOLK/ESSEX BORDERS c. £22,000 + Car

CORPORATE FINANCE

A recently formed merchant banking operation has created a development role for a young Chartered Accountant seeking a first move from the profession. Reporting to the Chief Accountant the position involves extensive contact with clients and management at the highest levels. Principal responsibilities will embrace treasury management, venture capital investment, business analysis and acquisition appraisal. Suitable candidates will be graduate ACA's aged 26-30, preferably with large firm experience, an enquiring mind and excellent communication skills. Ref: CW.

CITY c. £20,000 + Banking Benefits

ROBERT HALF PERSONNEL, FREEPOST, ROMAN HOUSE, WOOD STREET, LONDON EC2B 2JQ 01-638 5191.

ROBERT HALF
FINANCIAL RECRUITMENT SPECIALISTS
LONDON · BIRMINGHAM · WINDSOR · NEW YORK & 82 OTHER CITIES WORLDWIDE

At Honda we lead by example

Chief Financial Accountant

c. £20K package

Now firmly established in Britain, Honda are an international company known and respected throughout the world for our Motorbikes, Cars, and increasingly, for our Power Products. This success stems as much from the quality of our staff as from the quality of our products — from people who lead by example and who generate both ambition and enthusiasm in those around them.

We're looking for these qualities in our new Chief Financial Accountant. Someone aged around 30, fully qualified, with at least six years' post qualification experience — who can bring inspired management and development to the Financial Accounting Section of our recently re-organised Finance Division.

You will be based at our offices in Chiswick and there is a generous relocation package if required. If you feel that your ambition and leadership qualities match our demands, please send full career details to the Personnel Officer, Honda (UK) Limited, 4 Power Road, Chiswick, W4 5YT.

HONDA

Finance Director

to £23,000

Reading Transport Ltd is a new public transport company formed under the Transport Act, 1985, to take over the operations of the Borough Council's highly successful and expanding transport undertaking. The new position of Finance Director, reporting to the Managing Director, has been created to strengthen and develop the Company's financial management. The Finance Director may also be required to act as the Company Secretary.

The successful applicant will be required to provide financial advice to the Board and will be responsible for reviewing systems for controlling and monitoring the Company's financial operations and, where necessary, designing and implementing improvements to these systems.

Applicants must be qualified accountants, probably in their 30's, with a successful management record in a commercial environment.

Drive, commitment and the initiative to adapt to new challenges are essential.

For this key position the total remuneration will be up to £23,000, together with a good benefits package and relocation expenses if applicable.

Please write in confidence, with full career details and current remuneration to:

R C Jenkins,
Managing Director,
Reading Transport Ltd.
Mill Lane, Reading,
Berks, RG1 2RW.

Reading Transport Limited

Accountancy Appointments

Accountancy Appointments

Costing Manager for Ferguson

Excellent Salary + Car + Benefits in Enfield

This U.K. giant in T.V., Video, Hi-Fi and other high technology is now further sharpening up its ability to meet its new challenges by recruiting one more key professional into its Head Office. One of the most vital ones must be the new appointment of a *Cost Accountant to* produce deadlined and accurate costs for in-house and imported products while liaising with customers; the department will have a staff of 5.

Candidates will be aged around 28, of graduate calibre, qualified and demonstrably competent in relevant manufacturing/assembly environments. Qualities must include numeracy and communication skills for this sensitive and visible role.

Apply in confidence with full written details, quoting reference 2140 to Mrs Indira Brown, Corporate Resourcing Group Limited, 6 Westminster Palace Gardens, Artillery Row, London SW1P 1RL. Telephone 01-222 5555.

Corporate Resourcing Group

Management Consultants · Executive Search

Part of Berndtson International

BRUSSELS · COPENHAGEN · FRANKFURT · GENEVA · LONDON · MADRID · NEW YORK · PARIS

Finance Director

West Midlands c£19,500 + car + equity + bonus

Our client is a successful medium sized bus company soon to be privatised by way of a management buy-out. An outstanding opportunity now exists to participate fully in the ownership and control of a business which will be operating within a fast moving, dynamic and aggressive market place following imminent deregulation of the bus industry.

Reporting to the Managing Director, the brief will encompass:

- ★ the formulation of short and long term plans during this exciting phase of the company's development
- ★ the installation and improvement of all management information systems and controls
- ★ the creation and maintenance of a cash management/treasury function
- ★ capital investment appraisal and project analysis.

Candidates will be qualified accountants (ACA/ACMA) with at least 10 years' industrial/commercial experience. A knowledge of the retail distribution sector would be an advantage but is not essential. Drive, commitment and the ability to manage change are more important qualities.

In return, the company offers an attractive salary (reviewed on privatisation) plus a car, an equity stake and a profit sharing scheme. Relocation assistance is available where appropriate.

Interested applicants should contact Dean Gollings on 021-643 6255 or write to him quoting ref: B6209 at The Executive Division, Michael Page Partnership, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.

MP

Michael Page Partnership

International Recruitment Consultants

London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney

A member of the Addison Page PLC group

CHIEF ACCOUNTANT – PROPERTY DEVELOPMENT/INVESTMENT

Qualified Chartered Accountant 30-55 years — Salary: £25,000 p.a. + car

Our client is a newly formed property development group with impressive financial backing. It currently has a development programme, undertaken principally in partnership with other major companies, which will produce a final value in excess of £200M. There is also an investment portfolio which it will be seeking to expand.

The Group is seeking to hire a Chief Accountant (male or female) who should have a proven track record in the property sector and be capable of handling the production of published accounts, control of project expenditure, collection of rents and service charges, control of tax matters, implementing and developing a new computer system, budget/reporting on overheads, pension fund administration, personnel and administration matters.

Prospects are excellent and an attractive package accompanies the salary plus car.

For more information, please contact George Ormrod BA (Oxon) or Stephen Hackett BA (Oxon) on 01-836 9501 or write with your CV to our London address, quoting reference number 6744.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
163a Bath Street, Glasgow G2 4SQ. Tel: 041-226 3101
India Buildings, Water Street, Liverpool L2 0RA. Tel: 051-227 1412
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LLAMBIAS DLA

Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

Financial Controller

If you watch things happen, keep watching. If you make things happen, let's talk.

Watford c.£19K + substantial benefits

Ault & Wiborg Group are highly successful manufacturers of quality surface coatings, closely associated with a leading multi-national company and currently building on an impressive £multi-million turnover.

Our future looks very exciting indeed – and the Financial Controller we're now seeking will have the vision and intelligence to take that in at a glance. That's because we're looking for someone whose skills go far beyond the ability to carry out the full range of financial and accounting tasks efficiently and meet the tightest deadlines.

We're looking for a highly motivated individual with confidence and insight who will be able to make the kind of major contribution we will expect, to one of our key divisions. As you will be a member of our management team, running your own small department, we'll also be looking for no small degree of man-management skill.

We'll hardly need to tell you that you are almost certainly over 28, CCA or CMA qualified, with at least 4 years' post-qualification experience in a relevant manufacturing industry. Your financial and accounting expertise must be complemented by a familiarity with computerised systems.

For the right person we're offering an attractive salary of c.£19K, although this need not be a barrier to an applicant of exceptional quality, and we are backing it with a comprehensive package of benefits: a company car, of course, plus BUPA, pension, a generous bonus scheme and relocation assistance where appropriate. We won't tell you about the career prospects here – you can tell us when you're travelling at our pace and think you can improve on it.

If you're sure you have what it takes to be part of our exciting expansion plans, please write with a full c.v. to: John H. Phipps, Group Director of [illegible], Ault & Wiborg Group plc, Arundell House, [illegible], Windsor, Berks SL4 1TZ.

Financial Accountant

c.£18,500 per annum — Berkhamsted, Herts

F International is an independent Systems and Software House, with a reputation as a pioneer of flexible ways of working for Computer Professionals.

As a result of continued expansion we wish to recruit a high calibre qualified accountant.

Reporting to the Financial Controller the Financial Accountant is responsible for managing the Company's finance and accounting functions. They will also assist in ensuring the current growth rate is maintained through the continued development and implementation of financial management information systems.

Candidates, qualified Accountants aged 27 to 35, will combine management accountancy with commercial experience. In addition to demonstrating business flair they must have led and motivated a team of at least six people. They must also be first class communicators with a flexible and energetic approach.

Opportunities are excellent as a member of the Finance team of a rapidly growing Company.

Please apply with full Career/Salary history to:

Mrs Marie C Pile, Personnel Executive

F International Limited

Chesham House, Church Lane, Berkhamsted, Hertfordshire HP4 2HA.

FINANCIAL CONTROLLER

Some overseas travel — **Attractive Salary + Executive car**

The UK subsidiary of a major Swedish Company require a Financial Controller for their plant in North East London.

Reporting to the Managing Director, you will be responsible for the day-to-day control of the financial and management accounting functions.

The suitable candidate will have experience of cost control in a process manufacturing environment and in the practical operation of computerised accounting systems. In addition, you will need to have good communication skills, be able to work as part of a senior management team and be used to reporting and working to tight deadlines.

The ideal candidate should be enthusiastic, highly self-motivated, be preferably qualified ACCA/ACMA and aged 25-35.

Prospects are excellent for the right candidate, the salary package is negotiable including an executive car and pension scheme. Assistance with relocation expenses may be available where appropriate.

Candidates should send career details in the first instance to:

**David Bates, Managing Director,
Bates Tavner Resources International Ltd.,
Dept. 586, 63 Carter Lane,
Ludgate Hill, London EC4V 5DY**

Bates Tavner Resources International LTD

MANAGEMENT ACCOUNTANT

MAJOR PROPERTY PLC

London c£20,000

Take complete management accounting responsibility for ● a number of group companies undertaking major property developments ● Work closely with Development Directors and the Finance Director in evaluation, controlling and completing to budget multi million £ development schemes.

The Company: One of the U.K.'s most prominent and highly acclaimed property development companies ● The current investment and development programme amounts to many hundreds of millions of pounds and the corporate plan involves a period of further substantive growth ● Financial planning, funding and accounting matters are among the best respected in the industry.

Your Challenge: To take full accounting responsibility for a number of group companies with a very substantial portfolio of existing and new developments ● Work closely with and act as the financial adviser to Development Directors ● Play a key role in assessing a scheme's viability, potential profitability, cash flow movement and control the budget through to final account stage ● Provide all financial, accounting facilities ● Liaise with the Group Finance Director on financial and corporate issues.

Our Ideal Candidate: A well qualified accountant, in your 20's ● Excellent financial and management accounting skills ● Ideally a sound knowledge of Property company accounting ● Paramount is a good level of intellect and commercial acumen.

Remuneration Package: Shall be negotiable dependent upon experience and age. Fringe benefits include non contributory pension, BUPA, good holidays.

ACT NOW! Write or telephone for further information and/or application form to the Group's Adviser, William L Gill, FIPM, on 01-388 2051 or 01-388 2055 (24 hour Ansafone). Confidentiality assured.

MERTON ASSOCIATES (CONSULTANTS) LIMITED
Merton House, 70 Grafton Way, London W1P [illegible]
Executive Search and Management Consultants

FINANCIAL ACCOUNTANT

Beds. c. £18,000 + Car

A successful PLC with a turnover of over £30m, wish to recruit an accountant to join their parent company finance team. The group operates in the service sector, at the forefront of technology.

Working in a highly professional and demanding environment, the successful candidate will be involved in the consolidation of results from the U.K. and Overseas subsidiaries; the preparation of statutory accounts; investigating proposed acquisitions, mergers and disposals and advising the senior management of current accounting and taxation developments.

Applicants should be young chartered accountants with two years post qualifications experience gained in a 'top 8' firm, who have good communicative and inter-personal skills. It is essential that you are technically up-to-date with regard to current accounting standards and corporation taxation.

Please send your C.V with salary history and day-time telephone number to Neil Gillespie quoting reference no. 1/2341.

**EMA Management Personnel Ltd.
Kingsway Chambers, 44-46 Kingsway, London WC2B 6EN
01-242 7773 (24 hour).**

CHALLENGING CAREER OPPORTUNITIES

NEWLY/RECENTLY QUALIFIED — COMMODITY TRADING

Our client, Kaines (UK) Ltd., is offering challenging career opportunities for newly/recently qualified Chartered Accountants seeking a career in commodities.

Kaines is a new international group with substantial capital backing trading crude oil and oil products, metals and soft commodities as well as a wide range of trade backed financial services.

The positions offered cover the full range of group and operational accounting duties from preparation of group accounts and monitoring of overseas offices, to the control of the day to day accounting functions, including the review of profitability and risk exposure.

These positions demand adaptable individuals, able to make an immediate contribution to the enhancement and development of current reporting systems. Good interpersonal skills together with sound analytical and problem solving abilities will be rewarded by a **highly competitive salary package,** (including bonus, non-contributory pension and health insurance), **with excellent prospects for career development.**

Please write, enclosing career details, or call Martin Krajewski in the strictest confidence.

FIRTH ROSS MARTIN ASSOCIATES. WARDGATE HOUSE, 59A LONDON WALL, LONDON EC2M 5TP TELEPHONE 01 628 2441

Firth Ross Martin

STOCKBROKING

PARTNERSHIP SECRETARY/ FINANCIAL CONTROLLER

On behalf of clients we are looking for an accountant to act as Partnership Secretary and Financial Controller for an established firm of Manchester Stockbrokers, who will report directly to the financial partner.

The successful candidate's responsibilities will include the preparation of monthly reports, annual accounts, Stock Exchange reports, budgets, and controlling the financial systems.

Preparing recommendations for the partners' consideration regarding the future developments of the firm and particularly the changes already envisaged within the Stock Exchange "Big Bang" and the securities industry generally, will be a significant role for the successful candidate.

Applicants should preferably be a qualified accountant, probably in the age range 27 to 35 and have had some managerial experience, preferably within a stockbroker's office but this is not essential.

The salary is negotiable and will depend on experience, company benefits include a pension scheme and BUPA cover.

Please apply in writing with a full C.V. to:

*J.B. Bibby, F.C.A.,
Kevan Pilling & Co.,
Chartered Accountants,
Acresfield House,
Exchange Street,
Bolton.
BL1 1RS
Telephone: Bolton (0204) 22611*

KEVAN PILLING
CHARTERED ACCOUNTANTS

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday May 22 1986

Volvo earnings rise by 11% in first quarter

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

VOLVO, the Swedish automotive, energy and food group, increased its profits by 10.9 per cent in the first quarter of 1986 despite a fall of 5 per cent in group turnover.

Profits after financial items rose to SKr 2.45bn ($345m) compared with SKr 2.21bn in the first quarter of 1985.

The group was helped by a SKr 215m foreign-exchange gain on loans – compared with a gain of SKr 30m a year earlier – as well as by interest earnings of SKr 109m – compared with SKr 77m in the first quarter of 1985.

Operating profits were virtually unchanged at SKr 2.13bn compared with SKr 2.1bn in the first quarter of 1985. Volvo expects to make a productivity gain this year of at least 5 per cent.

The group's liquid funds, inflated by the record profits of the past two years, climbed to SKr 18.25bn by the end of the first quarter from SKr 14.4bn a year earlier.

Volvo profits, at least in the short term, have been hedged against the impact of the falling dollar, but the lower dollar exchange rate shows clearly in the group's sales figures.

Volvo turnover fell 5 per cent to SKr 20.66bn from SKr 21.8bn in the first three months of 1985 despite a substantial rise in the volume of car sales.

The falling oil price combined with the lower dollar depressed sales of the energy and trading division by 27 per cent to SKr 4.42bn from SKr 6.04bn.

Sales of industrial products rose 4 per cent and would have been SKr 1.5bn higher at the exchange rates prevailing in the first quarter of 1985. On the same basis total group turnover would have been SKr 2.2bn higher at last year's exchange rates.

Volvo said the volume of car sales rose 13.7 per cent to 108,000 units from 95,000 units last year. Sales to the US, Volvo's biggest single car market, rose 6 per cent which again pushed the group's US market share above the 1 per cent level. The appreciation of the D-Mark and the yen improved Volvo's competitiveness in the US against its main West German and Japanese competitors.

The value of car sales rose 5 per cent to SKr 9.39bn from SKr 8.97bn in the first quarter of 1985.

The value and volume of truck sales stagnated, but Volvo reported "substantially higher" orders for new trucks including an order for 1,200 trucks for the Belgian armed forces. Mr Hakan Frisinger, managing director, said profit margins on the truck operations had improved in the first quarter.

Deliveries of military aircraft engines were delayed due to shortages of certan parts. The marine and industrial engine division was also hit by production problems and weak demand for industrial engines.

Mr Frisinger said Volvo's car production capacity for its 200 and 700 series models now stood at about 300,000 units a year compared with output last year of 282,300. It also has the 120,000-units-a-year capacity in the Netherlands for the smaller 300 and 400 series in the minority-owned Volvo BV operation.

Mr Pehr Gyllenhammar, Volvo chairman, said the group planned to spend about SKr 40bn on capital investment and product development from 1986 to 1989 compared with SKr 25bn in the five years to the end of 1985. The car operations alone will account for around three quarters of group expenditure.

He said Volvo would press ahead with its plans to take part in a restructuring of the Swedish biotechnology and pharmaceuticals sector but declined to give any details.

VW sales outstrip production

BY DAVID BROWN IN FRANKFURT

VOLKSWAGEN, the West German motor vehicles manufacturer, saw car sales in the first quarter rise 1.8 per cent to 635,000 units, spurred by strong domestic demand which continued into April. Overall production climbed at a slower rate of 0.6 per cent to 651,000.

Investments in plant and equipment were increased by 6.1 per cent to DM 756m ($337.3m) during the period, and net employment rose by 2,000 to 261,000, but the group has not been able to keep pace with demand, especially for its Golf model which leads the European market.

Dr Carl Hahn, the chief executive, earlier forecast the overall volume of deliveries for 1986 would rise about 5 per cent to 2.5m vehicles, helping to compensate for the lower D-Mark value of US dollar-denominated receipts.

Sales inside West Germany for the period ending March rose to 203,000 cars, an increase of 4.4 per cent, while foreign deliveries climbed 0.6 per cent to 432,000 units.

In the midst of a strong economy, buyer confidence in West Germany has been recovering after a period of uncertainty over new car pollution controls. Total registrations in May totalled 272,854 – up 11.5 per cent from last year.

The group expects that 1986 earnings will stabilise at present strong levels. Despite continuing losses in VW's South American subsidiary, first-quarter net profits were roughly unchanged at DM 143m. Turnover, influenced by the exchange rate, declined from DM 13.43bn to DM 12.81bn. Parent company earnings climbed from DM 105m to DM 126m.

VW more than doubled net profits last year from DM 228m to DM 595.6m on 15 per cent higher sales of DM 52.2bn.

● Hochtief, the West German construction group, has proposed an unchanged payout on 1985 results of DM 10 plus a DM 2 bonus per DM 50 share.

The group has not yet reported specific results for the year but said a "positive but very narrow" profit was achieved on domestic operations

Olson to succeed Brown at AT&T

By Paul Taylor in New York

AMERICAN Telephone and Telegraph (AT&T), the US telecommunications group, yesterday named Mr James Olson, aged 60, to succeed Mr Charles Brown when he retires as chairman and chief executive at the end of August.

Mr Olson, who joined the Bell System as a splicer's helper with Northwestern Bell in Grand Forks, North Dakota, in 1943, will take over a $35bn-a-year company which has been radically reshaped by Mr Brown in the seven years since he became chairman of "Ma Bell" in 1979.

Mr Brown is widely credited with leading AT&T through the traumatic court-appointed break-up of the Bell System under which AT&T spun off its local Bell Telephone operating companies – two thirds of its assets – at the beginning of 1984. He is also credited with engineering AT&T's still evolving transformation from a regulated monopoly into a competitive long-distance telephone, telecommunications and computer equipment group.

Mr Olson, who became heir apparent to the chairman's job when he was named president and chief operating officer last June, had been widely expected to succeed Mr Brown as AT&T's 13th chief executive when Mr Brown retires at 65.

Yesterday AT&T also named Mr Robert Allen, the 51-year-old chairman of AT&T Information Systems, to succeed Mr Olson as president and chief operating officer on September 1. Mr Allen had earlier been mentioned as a contender for the chairman's post. However, his promotion to the number two job appears to point to a continued orderly succession.

Three other senior AT&T executives – Mr Randall Tobias, the 44-year-old chairman of AT&T Communications, Mr Charles Marshall, the 57-year-old head of external affairs and personnel, and 57-year-old Mr Morris Tanenbaum, head of AT & T's financial and strategic planning groups – were all named vice chairmen.

Commenting on the changes Mr Brown said yesterday. "The new AT&T is confidently launched on its new course." The out-going chairman described his successor as a man who thrived on challenge and competition and who "possesses the ability, the experience and the vision to take over an enterprise that he has had a major part in shaping."

Mr Olson, who has a reputation as an energetic and quick decision-maker, promised AT&T would capitalise on its "newly-won freedom to operate as a single business."

TALKS OVER ALFA COULD PROVE THIRD TIME LUCKY FOR MOTOR GROUP

Ford sets out to woo Romeo

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

WILL it be third time lucky for Ford in Europe? In the past year it has held unsuccessful merger talks with Fiat of Italy and failed in its attempt to buy Austin Rover from state-owned BL in Britain.

Now Ford is to look at Alfa Romeo, another state-owned company and probably Europe's sickest car producer now that Seat of Spain, an equally heavy loss-maker, is to be taken under the protective umbrella of West Germany's Volkswagen group.

The talks with the Italian Government about Alfa have more in common with the proposed purchase of Austin Rover – scuppered by the British Government, which came under tremendous pressure not to sell to a US group – than with the Fiat deal.

At one stroke, a Fiat and Ford merger would have revolutionised the European motor industry. Between them, they would have had more than 20 per cent of the car market, well ahead of any rival. The potential for economies of scale, savings in investment and pooling of research and technology would have been enormous.

But the imaginative concept foundered because of unresolvable differences in corporate culture and legal difficulties.

Austin Rover is a company only about a third the size of Fiat's car business, and its sales are heavily concentrated in the UK, already the best market in Europe for Ford.

However, apart from economies of scale (and possibly the opportunity for rationalising car production in Britain), there was an added attraction. Ford could have used two of Austin Rover's best-known marques, Rover and MG, to build up a range of prestige and sporty models to sell throughout its dealer networks in Europe and the US.

Alfa Romeo offers similar potential. The name still has prestige and a sporty image in many countries – including the US, where its sales have recently been picking up healthily.

Acquisition of the Alfa Romeo name would give Ford a chance to escape from the problem faced by all car companies which produce a broad range of models from the smallest and cheapest to the large executive: How to promote a distinctive image for the top-of-the-range models which carry the biggest profit potential?

The problem is put in perspective by those, particularly in West Germany, who say: "If you can afford a Scorpio/Granada, why buy a Ford?"

Ford will not run into the same kind of political rumpus it stirred up in Britain with the approach to Austin Rover. The Italian Government clearly considers Alfa a major headache and wants to be rid of it.

The top management was changed, yet again, recently, and the new team under Mr Guiseppe Tramontana – one of Italy's toughest managers – seems to feel the company has no chance of becoming profitable for the next five years at least.

Alfa is fighting a losing battle in an industry where size and economies of scale still have many benefits in spite of the opportunities offered by new automated production techniques.

Last year it was able to use only about a third of its capacity of 430,000 cars a year and suffered a loss which more than doubled to L240bn ($156m).

Alfa's current slump can be traced to its decision to replace its small car, the Alfasud, with one which was slightly larger but, according to its critics, the new car was boring compared with the Sud which had character despite its many faults.

Although it is one of Europe's smallest car manufacturers, Alfa splits production between two factories, one in the north of Italy and one in the south. The management says it is politically impossible to close either of them.

Like Austin Rover, Alfa has been looking for co-operative ventures to overcome some of the problems. Next year it will produce an executive car derived from a joint venture with Fiat and Saab of Sweden.

It has a joint venture with Nissan which involves putting Alfa's engines, transmissions and trim into bodies shipped from Japan. This project was supposed to build 60,000 cars a year, but the market response has been so poor that last year only 10,600 were made and the production lines are currently idle.

Cap Gemini to raise FFr 1bn

BY DAVID MARSH IN PARIS

CAP GEMINI Sogeti, the leading French computer services company, announced plans to raise FFr 1bn ($140m) in new cash through a two-stage issue of bonds and shares.

The company, which boosted group net profits 38.6 per cent last year to FFr 132.9m, yesterday said it expected to increase earnings further in line with turnover growth this year.

Turnover last year rose 23 per cent to FFr 2.2bn and is expected to increase to FFr 3bn in 1986, thanks to continued strong growth in the software business and the acquisition at the beginning of the year of the consultancy division of CGA, the US computer group.

Cap Gemini is forecasting that net profits this year, not including minority interests in group companies, will maintain or exceed the ratio of 5.4 per cent of turnover achieved last year.

Mr Serge Kampf, the chairman, who owns 51 per cent of the holding company, which itself owns 51 per cent of Cap Gemini, made clear yesterday that revenue from the capital-raising move would be put towards new acquisitions.

The CGA purchase has considerably increased Cap Gemini's already strong presence in the US, which now accounts for about a third of the group's overall turnover.

Mr Kampf said the company had no particular target for purchases of outside companies. It would be looking to remain in its field of providing intellectual services in the software field rather than diversifying into other areas of information technology.

The capital raising will be made in two stages. An issue of a nominal FFr 600m of bonds with warrants attached to buy shares will be made within the next few weeks, followed in the autumn by a one-for-10 rights issue.

Cap Gemini, in which the public at present owns 10 per cent, was introduced on the second marché, or unlisted section, of the Paris stock market last June.

The company said its turnover in the first four months of this year rose 36 per cent compared with the same period last year to FFr 932m.

Contract lifts Bombardier

By Robert Gibbens in Montreal

BOMBARDIER, the heavy-transit equipment and snowmobile manufacturer, is being buoyed by deliveries of subway cars under a C$1bn (US$730m) contract with New York.

First-quarter net profit was C$4.3m, or 34 cents a share, against C$3.5m, or 32 cents, on sales of C$148m against C$124m.

Bombardier, which owns the Rotax Engine company and a tramcar builder in Austria, has won two new commuter-train coach contracts in the US.

● Cominco, the main mining and metals arm of Canadian Pacific plans to sell its Western Canada Steel subsidiary with three plants in western Canada and one in Hawaii.

Karstadt plans to maintain 1985 payout

By Our Financial Staff

KARSTADT, the largest of West Germany's retailing groups, reports lower parent company profits for 1985 but plans to maintain its dividend at DM 7 a share.

Yesterday it disclosed that at the parent company trading weakness had led to a decline in net profits to DM 50.4 ($22.5m) from DM 60.4m in 1984.

The profits downturn followed a dip in parent-company sales for the year of almost 2 per cent to DM 8.97bn. For 1984 Karstadt group turnover totalled DM 12bn.

Profits in 1984 for the group as a whole came to DM 24m, against DM 90.4m a year earlier. In the eight years to 1984 Karstadt's mail order business (Neckermann) ran up losses totalling DM 460m.

Winterthur lifts 1985 earnings to record

BY JOHN WICKS IN ZURICH

WINTERTHUR, the Swiss-based international insurance group, reports a "very gratifying" increase in consolidated earnings for 1985 to a record SFr 141.5m ($76m).

Profits before tax rose 28.1 per cent despite a deterioration in underwriting results in the non-life sector due to increased claims. This was more than compensated for by investment earnings by both life and non-life companies.

Group premium income rose 6 per cent last year to SFr 7.73bn. The growth rate was hit by the exchange rate, particularly by the rise of the Swiss franc in terms of dollars.

Winterthur Swiss Insurance, the group's parent company, is to propose payment of an unchanged dividend of SFr 57 a share on increased capital at the annual meeting on June 26. The company's 1985 net profits reached SFr 101.6m.

Shareholders will also be asked to approve a split in the existing participation-certificate capital. The 250,000 certificates of SFr 100 nominal value will be divided free of charge in a ratio of five for one. This is intended to make the non-voting equity more easily tradable.

Should this be approved, the board will propose a rights issue of 260,000 new participation certificates of SFr 20 nominal value. Holders of five existing registered and bearer shares, participation certificates and bonds will be able to buy one new certificate for SFr 400. The company will raise about SFr 104m by the transaction.

The board announced the creation, exclusive of drawing rights, of a further SFr 5m worth of participation certificates in connection with "an international placement."

Winterthur Life Insurance booked a surplus of SFr 314.2m in respect of last year, of which about 7 per cent will be transferred to the Insured's Bonus Fund. From total net profits of SFr 11.1m, the company will pay a dividend of SFr 80m to the parent undertaking.

French bank to raise capital

By Our Paris Staff

CREDIT LYONNAIS, the second-largest French nationalised bank, yesterday set at FFr 2.7bn ($378m) the issue of non-voting shares, *certificats d'investissement* (CIs), it is making to boost its capital base.

A total of 3.7m CIs are to be issued, with a nominal vale of FFr 125, at a price of FFr 725 each. This will increase the bank's nominal equity capital to FFr 2.7bn from FFr 2.24bn, bringing in non-voting shareholders into the bank's capital with a share of 17 per cent. Subscription opens on May 26.

The offer price represents 10.82 times Crédit Lyonnais' net profits per share for 1985. The issue follows closely on the heels of the FFr 5.3bn CI offering which closed earlier this month for Banque Nationale de Paris.

Shareholders back Norwegian merger

BY FAY GJESTER IN OSLO

THE MERGER of two leading Norwegian concerns – Orkla Industrier and Borregaard – has been approved by their respective shareholders' meetings. For accounting purposes, it will be effective from January 1 this year.

The new company, Orkla-Borregaard, will have a share capital of NKr 654m ($86m). About a sixth will be owned by the company itself for the time being – a result of the share trade-off between the two partners.

Earlier this year, before merger talks began, Orkla increased its stake in Borregaard from 18 per cent to 46 per cent by buying large blocks of shares from, among others, the Kosmos shipping and industrial group.

Borregaard is involved in foreign products, chemicals, metals and foodstuffs while Orkla is primarily an investment group, with some industrial interests. Of its NKr 230m profit last year, investments contributed more than NKr 200m.

NCR plans bigger share buy-back

By Terry Dodworth in New York

NCR, the US computer and banking equipment manufacturer, plans to double the size of the share buy-back programme announced a year ago in a move that might involve the repurchase of about 8 per cent of its stock.

The company said yesterday that the 4m shares that might be bought under the new programme would be acquired over two years. About half the original 4m shares the company was authorised to buy back a year ago have already been acquired, NCR added.

NCR's shares rose $⅝ following the statement yesterday to a new 12-month high of $53⅞. The company's stock has performed strongly recently. This partly reflects the buy-back programme, which automatically tends to reinforce share prices by reducing the supply of stock and is also in response to strong earnings figures for the first quarter.

Net earnings rose slightly more than 15 per cent for the three-month period, reaching $50.23m, or 51 cents a share, against $43.6m, or 43 cents.

Although many companies have recently been launching repurchase programmes to help protect against potential takeovers by lifting their share prices, NCR is not believed to be a major acquisition candidate. Nevertheless, it is operating in a sector where the attention of the takeover specialists is being concentrated because of Burrough's attempt to take over Sperry.

Paribas lifts profits at year-end

BY DAVID MARSH IN PARIS

COMPAGNIE Financière de Paribas, the nationalised French financial and industrial group, announced consolidated net profits last year of FFr 1.35bn ($190m), up from a restated FFr 1.06bn in 1984 before exceptional losses.

Last year's results, which are struck after minority interests, were made up of FFr 1.05bn in earnings from current operations and FFr 303m in capital proceeds. These figures compare with FFr 785m and FFr 274m in 1984.

Paribas' overall earnings in 1984 were hit by the costly pull-out from its troubled New York securities subsidiary Becker. Total group profits including minority interests in 1985 rose 90 per cent to FFr 2.73bn from FFr 1.43bn in 1984. The 1984 total profit before exceptional losses caused by the Becker pull-out were FFr 2.12bn, Paribas said.

Paribas has redrawn its accounts to consolidate for the first time companies in which it owns more than 20 per cent. Their results are now included in the 1984 and 1985 figures on a pro-rata basis.

Paribas' total balance sheet rose last year to FFr 551bn from FFr 538bn.

INTL. COMPANIES & FINANCE

Mitel reports net loss of C$160.2m

BY BERNARD SIMON IN TORONTO

MITEL, the Canadian telecommunications equipment maker in which British Telecom (BT) recently took a 51 per cent interest, reported large fourth-quarter write-offs which raised net losses to C$160.2m (US$116.9m) in the year to March 28 from C$32.1m in the previous fiscal year to February 22 1985. The loss per share climbed from 98 cents to C$4.12.

In financial spring cleaning after the BT takeover, Mitel brought to account C$58.5m in extraordinary charges during the fourth quarter, bringing extraordinary losses for the year to C$62.8m.

Pre-tax losses rose from C$29.6m to C$81.6m, largely reflecting substantial inventory write-offs and what the company calls "unusual" losses relating to surplus or overvalued equipment. Selling and administrative costs jumped by 22 per cent while strong competition dented margins in Mitel's North American telecommunications and semiconductor markets.

The largest single extraordinary write-off relates to deferred tax recoveries in unspecified countries totalling C$31.5m. In addition, the company has restated properties and investments at present market values. Severance pay and other costs related to plant rationalisation accounted for C$22.5m of the extraordinary losses.

Revenues were C$413.2m in the latest fiscal year, compared to C$370.8m in the previous 12 months.

Roche expects drop in sales this year

BY JOHN WICKS IN BASLE

HOFFMANN-LA ROCHE, the Swiss chemicals group, expects a drop in turnover this year, mainly because of the exchange rate.

During 1985, sales rose 12.5 per cent to a record SFr 8.94bn ($4.8bn), with group earnings up 18.8 per cent to SFr 451.8m. At the June 5 annual meeting, the parent-company board plans to increase the dividend to SFr 660 a share from SFr 625.

However, Mr Fritz Gerber, company chairman, said in Basle yesterday that turnover had fallen 14.4 per cent in the first four months this year compared with the corresponding 1985 period. In terms of local currencies, however, sales were up 16.5 per cent – or 5.4 per cent after excluding high-inflation markets in Latin America.

The expected decline in Swiss franc turnover, which also partly reflects the influence of American imitators on the sales of drugs such as Valium, is unlikely to be as marked for the year as a whole. Mr Gerber pointed out that the dollar had been particularly strong in early 1985.

He said the group would profit from the introduction of new products, particularly in pharmaceuticals and diagnostics. Last year's extraordinary expenditures would not be repeated and the restructuring of Roche's Nutley operation in New Jersey would take full effect for the first time.

Net earnings would therefore be less affected than sales, Mr Gerber said.

Aegon lifts profits 11%

By Our Financial Staff

AEGON, the Dutch insurance group, reports higher profits for the first quarter of 1986 but says earnings for the whole of this year will not differ from those of 1985.

After tax, profits for the 1986 opening quarter are 11 per cent higher at Fl 76.9m ($30.7m). Aegon said yesterday that, but for adverse exchange rate movements, the result would have been in the region of Fl 87m.

Total revenues for the quarter were Fl 2.63bn, against Fl 2.64bn. These would have been 12 per cent higher but for unfavourable currency movements, notably the drop in the dollar.

The company said life insurance remained robust at home and abroad, but health underwriting was disappointing. General insurance in the Netherlands remained in the red.

Nationale Nederlanden, the biggest Dutch insurer, expects revenues for the first quarter of 1986 to be virtually unchanged. For the whole of this year earnings per share are forecast to be at least equal to those of 1985.

The company has a big US business and has plainly been held in check by the softness of the dollar exchange rate during early 1986.

For 1985 NatNed turned in total revenues of Fl 17.3bn and achieved earnings per share of Fl 2.40. Aegon made total earnings last year of Fl 308m on revenues of Fl 8.7bn.

Company Notices

Legal Notices

Art Galleries

Clubs

INTERNATIONAL COMPANIES and FINANCE

Aquino move in San Miguel dispute

BY SAMUEL SENOREN IN MANILA

PHILIPPINE PRESIDENT Corazon Aquino yesterday intervened in the dispute between the Presidential Commission on Good Government and the Soriano group, which runs San Miguel, the country's largest manufacturer, over the purchase by its subsidiary in Hong Kong of a key stake in San Miguel, said to be owned by 1.3m coconut farmers.

Mrs Aquino, who formed the commision to track down the wealth of deposed President Ferdinand Marcos and his close associates, asked Mr Ramon Diaz, the Good Government commissioner, and Mr Andres Soriano, the San Miguel chairman, to reconcile their positions.

The commission on Monday seized the 33.1m shares—valued at US$165m and representing a 31 per cent stake in San Miguel—claiming that they were owned not by the coconut farmers but by Mr Eduardo Cojuangco, a known Marcos associate.

On Tuesday, Mr Soriano asked Mrs Aquino to declare the sale void but allow him to retain the company. This is in spite of the control which the commission now has of more than 51 per cent of the voting shares in San Miguel.

Aside from the 33.1m shares sequestered by the Commission, another block of shares owned by Mr Cojuangco representing more than 20 per cent stake in San Miguel had been seized earlier.

The commission was reported to have decided last night to stand firm on its previous decision to seize the controlling interest in San Miguel and exercise voting power that may lead to the removal of Mr Soriano from the company.

The commission had also decided to cancel the sale of San Miguel's brewery in Hong Kong to Anheuser-Busch of the US for $150m.

Mr Juan Ponce Enrile, the defence minister—who is also chairman of the United Coconut Planters Bank which is trustee of the coconut farmers—has claimed that the disputed shares do not belong to Mr Cojuangco.

The controversy, which is being closely watched by the business community, has split Mrs Aquino's cabinet on the issue of whether the government should interfere in private business or tolerate business practices that may in the end turn out to be questionable.

Kumagai Gumi declines as competition intensifies

BY YOKO SHIBATA IN TOKYO

KUMAGAI GUMI, the Japanese contruction company which has been in active pursuit of orders overseas, suffered a 20.6 per cent fall in pre-tax profits to Y9.8bn ($58.1m) in the half-year to March.

Net profits were 24 per cent lower at Y4.6bn, on turnover of Y352.06bn, up 9 per cent from the previous first half.

The earnings setback was attributed to intensified competition in getting orders, and Y1.3bn in foreign exchange losses resulting from the yen's steep appreciation.

Orders received during the half year jumped 30.3 per cent to Y 392.3bn, helped by a nine-fold increase in overseas civil engineering work, mainly in South-East Asia and Australia. However, total orders for construction work overseas during the half-year fell below the previous year's level to about Y34bn.

Kumagai Gumi projects full-year sales at Y780bn, up 9.9 per cent.

Pre-tax profits are forecast at Y28bn, down 14 per cent from the previous year, and Y4bn lower than projections made at the start of the current year. This reflects larger than expected foreign exchange losses.

Fuji Heavy Industries ends year with 1.5% gain

BY OUR TOKYO STAFF

FUJI Heavy Industries, the Nissan affiliated maker of Subaru cars, showed a modest growth of 1.5 per cent in pre-tax profits to Y30.53bn ($181m) in the year to March.

The 41.3 per cent gain in the first half enabled the company to offset the subsequent adverse effect from the yen's steep rise.

Net earnings were Y12.92bn, down 13 per cent, on a sales gain of 14 per cent to Y768.42bn.

Domestic car sales increased by 2,500 units to 311,000 units, due mainly to the addition of new varieties to the Leone and Alchyone models and revamping its dealership network.

Exports were strong—up 22 per cent, or 54,000 units, to 301,000 units. Including cars produced for other makers such as Nissan, total unit sales reached 672,000, up 7.8 per cent from the previous year.

The yen's appreciation cut into sales by Y20.7bn, the company said, while personnel costs and selling expenses increased by Y24.6bn.

These negative influences were offset partly by factors such as a Y11bn beneficial effect from streamlining production processes.

Full year pre-tax profits are projected at Y20bn, down 34.4 per cent, on sales of Y710bn, down 7.6 per cent.

C. G. Smith profits rise at half time

By Jim Jones in Johannesburg

C. G. SMITH, the Barlow Rand group's food, packaging and textiles holding company improved profits from its food interests but had these offset by poorer earnings from non-food subsidiaries in the half-year to March.

Turnover rose 16 per cent to R3.63bn ($1.6bn) from R3.14bn and the interim operating profit before investment income and interest rose 1 per cent to R230.3m from R228.1m. Pre-tax profits increased to R202.5m from R186.5m.

The directors say that sugar production of C. G. Smith Food was lower than in the previous year, and that profits were affected by low world prices for sugar. They say the outlook for the current season is more promising. Tiger Oats, which is a 52 per cent-owned subsidiary of C. G. Smith Food, increased both turnover and profits.

First-half earnings slipped to 121.8 cents a share from 131.2 cents, and the interim dividend has been maintained unchanged at 50 cents.

Margins improve at Birla Jute

BY P. C. MAHANTI IN CALCUTTA

BIRLA JUTE and Industries, part of the Birla group of India, only marginally improved its sales to Rs 2.95bn ($238.5m) from Rs 2.84bn in the year to March, due mainly to a serious setback in Jute business, but managed to increase pre-tax profits to Rs 308m compared with Rs 205m.

Mr J. R. Birla, the managing director, attributes the improved margins to better cost control and higher operational efficiency. One of the company's three cement units, with computerised process control, has the lowest costs of any cement producer in the country, he says.

A continuing buoyant demand in the cement market helped the better result. Increased cement output led to a higher sales by value and volume which more than offset sharp declines in the value of jute goods sales as well as those of synthetic fabrics and carbide.

Birla Jute plans to increase cement production capacity further, with one of the units expanding its rated capacity by half a million tonnes during the current financial year.

BL unit produces record result

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JRA, the Australian subsidiary of Britain's state-owned BL, boosted operating profits 24 per cent in 1985 to a record A$27.14m (US$19.65m) and doubled its dividend payment to the parent.

This puts JRA just behind Ford which is Australia's most profitable automotive company.

However, Mr Phil Hovell, JRA's managing director, says that following the record market levels of 1985, a downturn is forecast this year, particularly in the import car sectors.

"JRA is well placed to contain the financial effects through its wide spread of products and underlying structural strength. However, reductions in activity levels and margins are inevitable in the car and four-wheel-drive business."

For the second year in succession, JRA has paid the parent company in the UK an ordinary dividend: A$10.268m against A$5.066m for 1984.

The company, formerly Leyland Australia, distributes Jaguar, Rover and Peugeot cars as well as Range Rover four-wheel-drive vehicles. It is a major force in the Austraiian bus and coach industry through the Denning, Leyland and PMC marques and distributes Hino buses and bus chassis from Japan.

Only 30 per cent of JRA's business comes from BL sources.

JRA's net profit last year was A$24.9m (up from A$19.7m) after payment of A$2.265m in preference dividends (A$2.15m). Turnover rose from A$243m to A$247m.

ACI boosts earnings by 27% to A$87m

By Lachlan Drummond in Sydney

ACI INTERNATIONAL, the besieged Australian glass and building products group, produced a 27 per cent increase in net earnings to A$86.94m (US$62.9m) for its year to March, against A$68.64m.

Turnover was down 9.1 per cent, from A$2.31bn to A$2.1bn, in part reflecting the sale of a New Zealand subsidiary in the year. ACI said that on a comparable basis sales were up 16 per cent and operating profits by 26 per cent.

The sale of the part-owned Alex Harvey Industries in New Zealand was also reflected in a drop in minority deductions from A$31.6m to A$14.98m, although the latest net result includes A$4m from Harvey compared with A$17.95m.

The sale of Harvey produced A$117m extraordinary profit, but write-offs of goodwill and intangibles reduced the extraordinary gain to A$13.6m.

ACI, battling against a partial takeover offer from the New Zealand-backed Equiticorp Tasman, benefited from a A$24m reduction in net interest charges to A$45m from its asset sales programme.

The company said its packaging, building and timber products interests in Australia reported strong growth, while the half-owned Pilkington ACI had an excellent year.

The dividend is up from 16 to 17 cents with an 8.5 cent a share final payment, taken from earnings per share of 25.5 cents compared with 22.4 cents.

Improvement at National Bank Australia

By Our Sydney Correspondent

NATIONAL Australia Bank managed a 5.9 per cent increase in net earnings to A$153.4m (US$111.1m) for its half-year to March, scoring points over both its chief rivals, ANZ and Westpac.

National edged out ANZ as the second biggest bank by profits—ANZ was down 6.9 per cent to A$141.9m—and in percentage terms it topped Westpac's 5.8 per cent gain to A$196.1m.

The bank was also considerably more optimistic about the second half than its rivals, stating that if demand for services and the recent improvement in interest margins were maintained, a satisfactory second-half increase was expected.

The interim dividend is up from 13.5 cents to 14.5 cents a share from per-share profits steady at 44.3 cents on increased capital.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE MAY 16 1986

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	9.397	1.524	11.310	9.094
Australian Dollar	12.965	0.512	14.630	12.600
Canadian Dollar	10.768	1.032	12.220	10.612
Euroguilder	6.066	0.314	7.113	6.041
Euro Currency Unit	8.326	0.410	9.710	8.164
Yen	6.508	3.171	7.250	6.307
Sterling	10.051	1.556	11.932	9.751
Deutschemark	6.540	0.291	7.270	6.418

Bank J. Vontobel & Co Ltd, Zurich - Telex: 812744 JVZ CH

HK financial markets look to China

BY ALEXANDER NICOLL, RECENTLY IN HONG KONG

HONG KONG'S financial markets are in a period of explosive growth. Not only has there been rapid development of capital market instruments such as certificates of deposit (CD's) and commercial paper, but also stock exchange turnover has risen since the unified stock exchange was launched this year. Most recently, a financial futures market has seen encouraging volumes in its early days.

The developments are part of a change of emphasis in the structure of the territory's economy as it approaches the 1997 deadline when ultimate sovereignty will pass from the UK to China.

Though manufacturing industries are still important, the drive now is to make Hong Kong a services centre, providing sophisticated expertise regionally and most significantly to China itself.

Chinese entities have been important issuers in the capital markets. Instruments used by them and other borrowers have included floating-rate CD's and notes as well as commercial paper and CD issuance facilities. The most important growth, however, especially this year, has been in what are called fixed-rate CDs but are really medium-term bonds issued in fairly large denominations of HK$500,000 (US$64,000).

This fixed-rate paper, treated as CDs for tax and legal reasons and to keep documentation and issuing costs to a minimum, accounted for HK$7.2bn out of total issues and facilities in Hong Kong dollars of HK$19bn in 1985, and HK$3.5bn out of HK$4.1bn in the first quarter of 1986, according to figures compiled by Manufacturers Hanover Asia.

As in virtually every other capital market, the biggest impetus has been the fall in interest rates. Hong Kong has also been helped, however, by the presence of underwriting bankers with experience of the Euromarkets and especially of swaps. Big local borrowers such as Hongkong Land and Mass Transit Railway Corporation, as well as making issues in their own right, have also been large takers of fixed-rate money, enabling bank issuers of fixed-rate paper to swap into floating-rate funds below Hong Kong interbank offered rates (Hibor).

To prevent all this from being a one-year wonder ending when interest rates rise, some issuing houses are focussing on creating a deeper secondary market and firmer end-placement of capital market paper. At present, much of it is held on the books of underwriting banks.

Liquidity is being aided by the advent of brokers putting prices on screens. In addition, a new capital markets association, recently set up on the initiative of Banque Nationale de Paris, hopes to foster a deeper market.

As well as cultivating the many wealthy private individuals in Hong Kong and pension funds, several banks have made proposals for unit trusts which would invest in capital market paper.

These plans — Schroders Asia and Manufacturers Hanover are among those initiating them — have stirred up a hornets' nest because they have been interpreted as a challenge to the interest rate agreement under which Hong Kong banks set the same deposit rates for accounts below HK$500,000. The cartel is already under threat from other factors.

When the Securities Commission rules on the first proposal in early June, bankers expect it to give permission but to set a higher minimum denomination than the HK$50,000 proposed. Local bankers, particularly the HongKong and Shanghai Banking Corporation, fear their deposits base could be eroded in the long term if the $500,000 minimum were undermined.

Also under discussion is the establishment of a rating system for issuers of capital market paper. This could ease qualms the authorities might have about reducing minimum denominations and opening the floodgates to a series of new trusts.

For the time being, there is a shortage of local non-bank issuers of sufficient quality and of local swap counter-parties. Chinese borrowers have set terms seen as over-aggressive in the market place on many of their issues. The government has turned down an informal sounding by the World Bank and has been reluctant to jeopardise the Hong Kong dollar's HK$7.80 peg to the US dollar by admitting foreign issuers who have no genuine need for the local currency.

PLACEMENT OF HK$ CAPITAL MARKET INSTRUMENTS

	%
Underwriting banks	45
Pension funds/insurance cos	15
Local (non-underwriting) banks	15
Private individuals	10
HK corporate investors	10
Banks through asset-swap packages	5

Estimates by Manufacturers Hanover

At the stock exchange, there is widespread relief that the computer system introduced on the merger of the former four local exchanges has coped. It is not a dealing system. Essentially, it replicates the old method of chalking prices on a board, with the difference that the prices are inserted on screens instead. Brokers still have to be on the floor, but they mostly sit at their screens rather than gathering in the middle of the floor. On the screen, they can see which brokers are quoting the highest and next-highest bid, and the lowest and next-lowest offer. They must then telephone to negotiate on amount and execution. Trades are recorded on the screen with a delay of up to 15 minutes.

So far, the only significant strain on the new method was seen last week when there was exceptionally active business in Cathay Pacific shares on their first day of trading. After a long debate about whether the computer should incorporate an automatic matching system — seen as threatening smaller locally-owned stockbroking firms — there are discussions on introducing a limited small-order execution system or some of the biggest stocks. The most urgent need, however, is for a clearing system which would be safer and cheaper than having scrip transported around Hong Kong's central district by hand.

The newest addition to the scene is a futures contract, traded at the revamped futures exchange, on the Hang Seng index of 33 blue-chip stocks. Turnover on the open-outcry market has quickly risen since the launch earlier this month to around 1,500 contracts — each currently worth about HK$90,000 — per day, with interest seen from both small punters and institutional investors. The exchange is considering interest rate and currency contracts, as well as Chinese-produced commodities such as maize, but its emphasis is on developing liquidity in the local market or the stock index future. Prices initially moved to a fairly high premium over the stock market, offering profitable arbitrage possibilities, but the premium has now narrowed and volume has continued to rise.

Korea puts pressure on groups to float shares

By Steven B. Butler in Seoul

SOUTH KOREA'S Securities Supervisory Board yesterday issued a warning that designated companies failing to offer shares to the public this year would face restrictions in their access to bank credit or on the issue of corporate bonds.

The warning has highlighted once again the anomolies of the Korean stock market in which even the powerful rally of the past six months, which has boosted share prices by more than 60 per cent, is insufficient to attract new companies.

The board had earlier instructed 59 companies to present plans by Tuesday to go public, but only four complied.

It has stepped up pressure on companies to launch new issues in the stock market as part of a plan to develop the market and to reduce corporate debt ratios, which tend to be high in Korea. The board is also keen that more shares be available to meet growing public demand.

Many companies are reluctant to offer shares because of a fear of losing control. A variety of tax regulations increase the attractions of borrowing money or issuing debt instruments rather than selling shares to raise capital.

Requirements that underwriters guarantee the issue price of a share for 30 days after issue also sharply increase underwriting risks and have dampened enthusiasm for participating in new issues.

Five Eurodollar deals worth $850m launched

BY CLARE PEARSON

FIVE NEW dollar Eurobonds, totalling $850m, were launched yesterday morning, as an issuing window opened after the US Treasury bond market had surged ahead overnight.

First of the issues was a $200m fixed-rate bond for GMAC, lead-managed by Merrill Lynch Capital Markets. Its yield spread of more than 70 basis points over US Treasury bonds yesterday morning indicated that it had been priced the previous day, before the US Treasury rally. The 8½ per cent seven-year paper was therefore eagerly bought in the market during the day.

A shortage of five-year paper ensured good initial demand for Credit Suisse First Boston's $100m issue of Queensland Government Development Authority. The five-year bond was priced with a coupon of 8 per cent and a par issue price. Its price eased slightly in the afternoon, however, to around or somewhat below the level of the total fees, as the volume of new paper in the market made itself felt.

This factor made Bankers Trust's $300m seven-year bond for Kingdom of Belgium look tight at a yield spread of around 50 basis points over US Treasuries at launch. The coupon was set at 8¼ per cent and the issue price at 101½. The bond was quoted during the afternoon at a bid price of 99½. Bankers Trust commented that the proceeds will be swapped into Swiss francs, D-Marks and floating-rate dollars.

Least well-priced of the four fixed-rate bonds, dealers thought, was Long-Term Credit Bank of Japan's $100m 8 per cent issue for Japan Air Lines. Priced at 101, the bond has a life of 10-years, and this maturity area is congested with paper at the moment.

Nomura International brought a $150m equity warrants issue for Alps Electric, the Japanese component maker. The company reported on Tuesday a 42.7 per cent drop in pre-tax earnings in the year to March. This factor, combined with nervousness in the Tokyo stock market which is adversely affecting many Japanese equity-related deals at present, meant that the bond traded below its issue price. Until recently, such bonds traded immediately over par.

The seven-year issue will be priced on May 29. The indicated coupon is 3¼ per cent and price par. The share price yesterday afternoon was Y2070.

In the Canadian dollar sector, where bond prices moved up in reaction to New York's gains, Union Bank of Switzerland (Securities) launched a C$50m five-year bond for Xerox Canada Finance. The bond is backed by an earnings support agreement by the parent Xerox Canada Inc. The coupon was set at 9¼ per cent and the price at 100½.

Postipankki, the Finnish bank, launched a DKr 250m seven-year bond with Sparekassen as lead-manager. The coupon is 8¼ per cent and the issue price 100¼. Nordic Investment Bank launched a DKr 400m 10-year bond with a coupon of 8¼ per cent and an issue price of 100¼. Privatbanken led the deal.

The D-Mark sector firmed slightly yesterday, and three new bonds were launched. Deutsche Bank brought a DM 100m seven-year bond for Korean Development Bank, guaranteed by Korea. The coupon was set at 6¼ per cent and price at 99¼. German bankers said this was hardly the name that investors were hoping for, and the bond traded outside total commissions.

In contrast, Commerzbank's equity warrants issue for Kobori Juken, the Japanese building manufacturer, traded at 106 bid, against a par issue price. The five-year bond has an indicated coupon of 1¾ per cent. Pricing will take place on May 28.

Late in the day Westdeutsche Landesbank launched a DM 400m 30-year bond for Collateralised Securities, the Jersey company, backed by a Schuldschein from the state of North-Rhine Westphalia. The coupon is 6¼ per cent and the price par.

In the Swiss franc sector Soditic launched a SFr 150m bond for Olivetti. The bond matures in 2046, and thus it is the longest-dated fixed-maturity Swiss franc issue to date. The coupon is 5¼ per cent and the price 99. The bond may be called at 102 in 1996 and then at the same level at five-yearly intervals.

A SFr 75m bond for First City Trust traded for its second day at 94½, a one point improvement on Tuesday's level. Its coupon is 6 per cent and its life 10 years.

Mitsui Finance led a Y22bn deal for General Motors. The coupon was set at 5¾ per cent and the price at 101½. As this sector is currently over-supplied with paper, the bond was bid at a discount to issue price of 2½ per cent.

UK status for Arab merchant bank

BANQUE ARABE et Internationale d'Investissement (BAII), the international consortium merchant bank which recently acquired Sheppards & Chase, the London stockbrokers, has been granted recognised bank status in the UK by the Bank of England, reports David Lascelles, banking correspondent.

BAII, which is 50 per cent owned by Arab interests, had been a licensed deposit-taker since it moved into London by buying Gray Dawes Bank in 1983.

Mr Gerald Tedder, vice-chairman of BAII Holding, the UK subsidiary, said that while the distinction between the two types of bank will be removed by forthcoming UK banking legislation, BAII was keen to have the standing of a fully-fledged UK bank.

BAII also announced yesterday that it will convert £12.5m of subordinated debt into equity, giving BAII Holding total equity of £25m.

Mr Tedder said the group would concentrate on four main areas: capital markets and portfolio management, international trade finance, project finance, and personal financial services. There might be further acquisitions later on, but BAII has not targeted any particular companies, he said.

Japan eases Samurai placement rules

BY YOKO SHIBATA IN TOKYO

The Japanese Ministry of Finance has decided to allow life insurance companies to arrange private placements of yen-denominated foreign bonds, or Samurai bonds, starting in June. However, their status will be limited to that of co-arranger and they will be allowed to sell such bonds only to life insurance companies for the time being.

A co-arranger life insurance company will be allowed to take on to its books 20 per cent of the issued amount of Samurai bonds with maturities longer than 10 years and up to a 10 per cent of those with maturities shorter than 15 years.

Lead arrangers for Samurai bonds, issued by international and foreign entities in Japan, are currently limited to securities houses, long-term credit banks and city banks. However, the MoF intends to include other types of financial institutions in order to internationalise the Japanese capital markets

Both the securities and banking industries have been selling Samurai bonds to life insurance companies, the largest institutional investors, with much discounted commissions. As a result, the inclusion of life companies in private placement arranger groups for Samurai bonds will not reduce their commission income and they have accepted the proposals.

Japanese life insurance companies have been gaining prestige on international capital markets. The World Bank and the Inter-American Development Bank this spring asked five major life companies to arrange Samurai bond issues for private placement.

Finnish bank offer aimed at foreigners

By Olli Virtanen in Helsinki

KANSALLIS - Osake-Pankki, one of Finland's two leading banks, is to make a non-restricted share tender offer to existing shareholders. The issue will raise the bank's share capital by FM 100m to FM 160m to a maximum of FM 2.26bn ($450m) and the shares are expected to fetch premiums of 200 to 300 per cent. The shares have a nominal value of FM 20 and the bank has set the minimum price at FM 36. The minimum lot is 100 shares.

The issue is mainly aimed at attracting foreign investors. Finland's banking laws were amended last year to allow foreign ownership in Finnish banks. Kansallis has currently four foreign shareholders, all by special permision of the Bank of Finland. The new shares will be quoted separately on the Helsinki Stock Exchange and foreigners will be free to buy them there. The restricted shares of Kansallis sold at FM 36 yesterday, up FM 1 from Tuesday.

Montreal listings for UK companies

By Nick Bunker

THE MONTREAL Exchange, Canada's oldest stock market, hopes to begin listing shares in UK companies next month on its recently-created international division.

In London yesterday, Mr Andre Saumier, the Montreal Exchange's president, said the move was designed to give UK companies freer access to the Canadian and US capital markets, by-passing the use of American depositary receipts.

Changes in Quebec securities law since 1982 mean that the Montreal Exchange will be able to recognise the London Stock Exchange listing regulations. Mr Saumier said that companies listed in London would be able to obtain a Montreal listing without satisfying any additional Quebec requirements.

BPC issue by Winterthur Insurance

By Peter Montagnon, Euromarkets Correspondent

WINTERTHUR INSURANCE of Switzerland is selling 50,000 bearer participation certificates (BPC's) in the Euromarkets through a deal which is expected to raise in excess of SFr 315m.

Led by UBS (Securities), the issue will be priced on Friday at the closing level of the certificates on the Zurich Stock Exchange less the SFr 57 dividend announced yesterday. Yesterday the certificates closed at SFr 6,300 including the dividend.

The issue will add 4 per cent to Winterthur's overall nominal capital and the new paper will be fully fungible with its existing 250,000 certificates once these go ex-dividend on July 3.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on May 21

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK COMPANY NEWS

Bass leaps £24m and surprises City

BASS, the UK's largest brewer, yesterday surprised the City with the news that its profits for the first six months of the 1985-86 year had surged by £24m at the pre-tax level.

Analysts had been expecting a rise of around £12m and by the close of business the group's shares were showing a rise of 22p at 790p.

The six months to April 12 1986 saw turnover from brewing, drinks and pub retailing rise by £114m to £1.05bn and that of leisure improve from £280.2m to £321.5m.

Profits before tax came through at £130.1m, compared with last time's £106.1m, after deducting borrowing costs £2m higher at £9.3m. The interim dividend is being stepped up from 3.7p to 4.2p net.

Trading in group's pubs and restaurants during the opening half was buoyant in spite of beer sales by volume being unchanged from the same period last year.

Sales of beer in the latter part of 1985 suffered from the after effects of the Runcorn dispute. However, Sir Derek Palmar, the chairman, tells shareholders that since January Bass has gained market share.

Throughout the first half volume sales of lager continued to grow—with an outstanding performance shown by the group's premium brands, Tennents Extra, Tennents Super and Lamot.

Profits from the brewing, drinks and pub operations improved by £17.9m to £121.1m at the trading level. There was also a surplus of £8.4m (£4.7m) on the sale of fixed assets.

The leisure activities produced £2.4m more at £6.4m before taking in a £3.5m (£1.5m) surplus from fixed asset disposals.

Coral Racing and Coral Social clubs performed well despite severe weather and Bass Leisure benefited from improved market conditions.

Crest Hotels achieved a profit advance and increased margins, but occupancy was less buoyant in London than elsewhere.

In all, Sir Derek considers that the profits growth in the first half was "most encouraging" and he is confident that trading in second half will show satisfactory growth.

Group costs and overheads, less other income, rose to £1.23bn (£1.1bn) in the first half. The figures included £42.5m (£35.3m) depreciation on tangible fixed assets.

The provision for employees share ownership amounted to £4.5m, up from £3.7m.

Tax took £46.8m, against a previous £37.1m, to leave net profits £14.3m ahead at £83.3m. Earnings emerged 4.4p higher at 25.5p per 25p share.

Despite a strike at its Runcorn, Cheshire, brewery, Bass pushed its pre-tax profits up by 17 per cent to £255.1m in the 1984-85 year.

In March 1985 Bass and Horizon Travel formed a joint venture into which Bass transferred its Holiday Club International clubs in Spain, Italy, Greece and Morocco and Horizon its hotels and other holiday centres in Spain.

The deal, together with further purchases in April of Horizon shares, gave Bass a stake of some 25.6 per cent in the travel company's equity.

See Lex

Whitbread beats the weather for £130m

IN SPITE of last year's poor summer and a very hard winter, Whitbread and Company, brewer, increased its market share in the more important areas of the business, and profits are in line with analysts' forecasts of about £130m.

Its lager business increased from 44 per cent to 47 per cent of beer sales, compared with the industry figure of 41 per cent. Mr Peter Jarvis, the managing director, says it had done extremely well on both Heineken and Stella Artois, despite the Australian and American invasion.

Unlike some of the other big brewers, Whitbread has not yet tied up a licensing arrangement for an American beer, but it is currently test marketing a Canadian brew, Moose Head.

Pre-tax profits for the year to March 1 1986 improved from £110.1m to £129.6m, and these consisted of beer up from £70.5m to £81.2m; retailing £55.5m (£47.2m); wines and spirits £33.2m (£26.3m), and income from related companies, property and investments, £13.3m (£10.6m).

Turnover climbed from £1.44bn to £1.53bn. Trading profits were £159.8m compared with £135.4m. Related companies contributed £10.3m against £7.1m. The pre-tax figure was after net interest charges of £40.5m (£32.4m) and central costs of £13.1m (£12.1m).

Tax took £37m (£25.4m), and share ownership scheme (less tax) accounted for £1.5m (£1.1m). After minorities of £500,000 (£300,000) and an extraordinary credit of £5.5m (debit £10.5m), stated earnings per 25p share were 23.03p (21.35p) basic, and 22.69p (21.05p) fully diluted.

The final dividend is raised from 4.9p to 5.55p net for a total of 7.8p (6.95p).

The board says Whitbread is well positioned to make further progress in beer, retailing, and wines and spirits. Already in the first two months of 1986, beer volume is well up on last year, and increased sales have been achieved in off-licences and restaurants. The company is confident of achieving another satisfactory annual result.

The success of the retailing activities in the UK has meant an increase in the numbers employed. In the US, Whitbread generated volume and market share increases in most of its major brands.

Capital spending over the past year totalled £165m. This year, the figure would be considerably higher, say the directors.

Its profits split is moving more towards a second half bias from the current 50-50 balance, says Mr Sam Whitbread, the chairman. He is predicting an eventual 40-60 split.

In February, Whitbread stated that Allied-Lyons had agreed to merge British Vitamin Products (Britvic) with Britannia Soft Drinks (Canada Dry Rawlings), owned by Bass (65 per cent) and Whitbread (35 per cent). After the completion in March, Bass had a controlling 50 per cent interest, with Allied-Lyons and Whitbread each owning 25 per cent.

See Lex

M and S buys rest of Canadian subsidiary

By David Goodhart

Marks and Spencer yesterday announced it has paid C$111m (£54m) for the 46.5 per cent minority holding in its Canadian subsidiary.

The company, which is paying $24 a share, said that it was taking advantage of a change in the law on overseas holdings in Canada. When Marks first moved into Canada in the early 1970s foreign companies were not permitted to hold more than 55 per cent of a company.

The UK retailer has about 220 stores in Canada and last year increased its turnover from $295m to $336m with operating profit rising from $7.5m to $9.9m.

The Canadian subsidiary is divided into three parts: Marks and Spencer Canada, and two other Canadian retailers, D'Allaird and Peoples. Marks and Spencer Canada has been through some difficult trading years and for the year ending January 31 1985 made a loss of $1.196m. However for the year ending January 31 1986 that was turned round to an operating profit of $3.16m.

The buy-in of the Canadian shares had been expected after suspension of share trading in Marks and Spenser last week. The offer for the 4.5m ordinary shares and 84,000 shares under option will be made through a wholly-owned subsidiary.

Thos. Robinson rights and acquisition

Thomas Robinson, the revitalised Lancashire engineering group run by Mr Graham Rudd, brother of Williams Holdings chairman Mr Nigel Rudd, has acquired the Vicars Group in an agreed all-share deal valuing the company at £11.9m.

The owners of Vicars—a Merseyside-based maker of biscuit machinery—will retain 1.2m shares and the remaining 2.3m will be sold to institutions for about £6.6m. In addition, Thomas Robinson announced yesterday that it was raising £6.2m through a two-for-nine rights issue.

Thomas Robinson, which is fast acquiring a reputation as a small, but fast-moving, holding company, took over Wadkin, the Leicester-based machine tool company, last February for £9.3m.

The directors of Robinson said that to properly benefit from the recent reorganisation of the company and from the acquisition of Wadkin it should reduce its bank debt which at April 30 stood at £6.2m.

In 1985 Vicars made a pre-tax profit of £539,000 on turnover of £8m—it has assets of about £875,000. Robinson's shares fell 19p to 328p.

Stock Conversion valuation

By Lionel Barber

The property portfolio of Stock Conversion, the big UK property company which has agreed to a £402m bid from Peninsular and Oriental Steam Navigation (P & O), has a net asset value of 770p per share, an independent valuation has determined.

The valuation is the first full independent assessment of Stock Conversion's property portfolio as at May 15 1986. It does not allow for any deduction for contingent tax which the Stock Conversion board estimates would not exceed 164p per share.

This information was revealed yesterday when P & O sent its formal offer document to shareholders. It also includes an estimate by the Stock Conversion board of pre-tax profits (after interest charges) of £30.5m for the 13½ months to May 15 this year, compared to £20.6m for the year to March 31 1985.

The estimate does not include extraordinary items amounting to £21.8m.

P & O is offering £4 nominal of its deferred stock for every three Stock Conversion shares, with a cash alternative of 720p per share.

London and Northern hit by health care problems

PROBLEMS ON the health care side had an adverse affect on the trading profit of the London and Northern Group for 1985. These have been exacerbated by much higher interest charges, and the resulting pre-tax profit shows a downturn from £18.35m to £12.5m.

Earnings are down from 11.9p to 7.4p per share, but the directors are keeping to their promise of an increased dividend—following the higher interim the final is again 3.05p for a net total of 5.15p (4.9p).

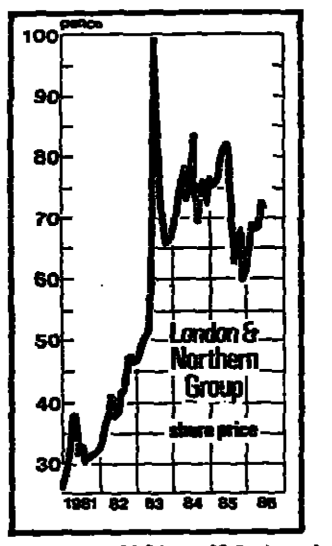
They do not expect a recurrence of the principal factors which hit this year's result, and for the current year are anticipating an increase in profit.

Turnover in 1985 advanced from £259.93m to £280.73m but the trading profit fell by £2.92m to £19.71m with the healthcare contribution being cut from 49 per cent to 30 per cent.

Some £3.5m was lost through the strength of sterling compared with 1984, and £3.7m was lost on hospital equipment contracts

Construction lifted its contribution from 27 per cent to 30 per cent.

Net interest charges rose by almost £3m to £7.2m.



After tax £4.21m (£6.6m) and minorities £669,000 (£832,000), the net attributable profit is £1.87m (£6.54m).

Extraordinary charges this time are shown at £6.28m (£541,000) reflecting termination of a Middle East contract

● comment

London and Northern had long been overshadowed by the legal action pending over a Middle East contract and the cost of settling it came as no surprise. However, the group still managed to pull an ugly rabbit out of the hat: the £3.7m of loss provisions on the supply of medical equipment was wholly unexpected and left most profit forecasts in tatters. The image London and Northern is now trying to put over is of a group which has suffered from a number of adverse factors that are unlikely to recur. The legal action was a one-off; the hospital equipment activities have been disbanded; exchange rates are looking more favourable; and action is being taken to cut down the mounting debtors which have driven up the gearing to unacceptable levels. The market seems prepared to accept that things can only get better and the shares closed 1½p up at 73½p. With a rough guess at £17m for the current year's out-turn, the prospective p/e of 8 will look undemanding if the group remains accident-fre, and the dividend though scantily covered, offers an alluring 10 per cent yield.

Berisford plans to reduce its debt by over £200m

BY ANDREW GOWERS

S. & W. Berisford, the commodity trading and processing group, said yesterday that it plans to reduce its total debt—currently estimated at £1.3bn—by between £200m and £300m through a mixture of property refinancing deals and asset disposals by next September.

Speaking as the company's interim results were published, showing a 39 per cent increase in first-half pre-tax profits and extraordinary item, Mr Ephraim Margulies, the Berisford chairman, appeared to signal a significant change of tack on the day after two rival bids for his company were referred to the Monopolies and Mergers Commission.

Before the referral on Tuesday of bids by Tate & Lyle, the cane sugar-refining group, and Hillsdown Holdings, the food and furniture manufacturer, Mr Margulies had been working with Tate on a management buy-out, whereby Tate would acquire Berisford's British Sugar subsidiary, and Berisford's senior management would buy back its core commodity trading business.

Yesterday, however, Mr Margulies said with reference to the proposed management buy-out: "There's nothing in place for the next six months. . . . As far as we're concerned, it's all forgotten."

Instead, he said Berisford planned to reinvigorate its business and reduce its debts with a view to boosting its share price. Its plans include:

- A refinancing deal for Berisford's interest in the Billingsgate office development, which Mr Margulies said should reduce the company's gearing by £60m. It is understood that the deal, being arranged by Goldman Sachs, will be completed by the end ofthis month.
- A subsequent refinancing for another Berisford property interest in London, Prices House, which should yield a further £30m.
- Further unspecified asset disposals. Mr Margulies denied rumours that Berisford was preparing to sell its 14.6 per cent stake in Ranks Hovis McDougall, although he said nothing could be ruled out.

Berisford plans to reduce its exposure to the steel trading business, in which Mr Margulies said between £30m and £40m worth of assets are tied up, and to build up an increased presence in precious metals trading. He said Berisford is currently talking to a major company in the US gold business about a possible joint venture, and to several large oil companies about possible ventures in platinum and palladium, which are used in oil refineries.

He also spoke about imminent management changes at British Sugar, the UK beet sugar monopoly which is wholly-owned by Berisford, although he declined to be more specific.

Berisford's interim results show first-half profits of £40.3m before tax, £11m up on the same period last year. The figure does not include a £3.8m exceptional write-down reflecting a reappraisal of the book value of Berisford's US oil and gas reserves.

After allowing for this, pre-tax profits amount to £36.5m, up 26 per cent on the previous first half. The company announced a maintained interim dividend of 3.5p net per share.

Mr Margulies said British Sugar's profits for this year would be "broadly similar" to last year; that the commodity trading division, led by coffee, had recovered from the difficult conditions of last year; that general merchanting, industrial and processing had broadly maintained last year's performance; and that property and financial services had made record operating profits.

See Lex

Irish Distillers' sharp recovery

Irish Distillers Group, which was affected by a strike last year, yesterday reported a sharp recovery in profits for the first half of 1985-86.

The Dublin-based group, which distills Jameson and Old Bushmills wiskeys, achieved a taxable profit of I£7.67m for the six months to end March compared with a I£577,000 (£516,000) loss for the corresponding period. Turnover was 15 per cent ahead at I£134.49m.

Mr Jack Lynch, the acting chairman who will be succeeded in July by Mr Joseph McCabe, says the main features of the period included an improved home market, generally buoyant exports with the exception of the US market, cost savings from rationalisation, and "exciting development prospects for our new product West Coast Cooler."

First half results were struck after static interest costs of £2.2m and were subject to tax of £1.8m (£297,000), leaving net profits at £5.86m (£874,000 loss).

Earnings per 25p share were 9.33p, against losses of 1.44p, and the interim dividend has been increased by one-third to 2p. Last year's second interim was 5.65p with full year profits £3.66m lower at £7.57m.

● comment

With this set of results Irish Distillers has proved that it has finally hauled itself out of the doldrums of last year's strike. None the less, the share price fell by 15p to 240p yesterday. The problems of the strike were compounded by a series of closures, the benefits of which should filter through to profits this year. The home market may prove problematic—given the recent increase in excise duty and the dearth of whisky-swilling US tourists in Eire this summer—as may the US, where duty has also been increased and the decline of spirit sales continues. Irish Distillers' position is well protected in the UK, however, where its "niche" products should emerge unscathed from Guinness's machinations with Distillers. European sales should be buoyant too, as should the embryonic wine-cooler subsidiary. The City expects continued growth in profits to I£15.5m for a p/e of 13½ for the year.

Standard agrees to SHT offer

THE PROPERTY company, Scottish Heritable Trust, unveiled an agreed takeover bid for Standard Fireworks yesterday, which values the company at £8.5m. The Standard board, which had previously recommended acceptance of a bid from the industrial holding company, MY Dart, will now recommend the Scottish Heritable offer.

Scottish Heritable, which acquired a 7.2 per cent stake in Standard earlier this week, is offering 86 of its new ordinary shares for every 100 Standard shares, or a cash alternative of 141.9p per share. It proposes to finance the deal through the issue of 4.48m new ordinary shares. Scottish Heritable is advised by NM Rothschild, and Standard by Charterhouse Japhet.

The MY Dart offer, which closes today, would value Standard at £7.7m and offers a cash alternative of 129p per share.

"We have been placed in an extremely embarrassing position," said Mr Robin Napier, Standard's chairman. "My Dart made a fair and reasonable offer which we agreed to recommend to shareholders. But Scottish Heritable has appeared at the last minute with a higher offer, and we have no option but to recommend it."

MY Dart—which is advised by Hill Samuel—is now, according to its chairman Mr Paul Marks, considering its position, and expects to make a formal statement as to whether it will increase the value of its offer, or withdraw, later today.

On the announcement of the bid, Scottish Heritable's share price fell by 8p to 177p yesterday, while Standard's lost 3p to close at 177p.

Public Works Loan Board rates

Effective May 21

Years	Quota loans repaid by EIP† %	A‡ %	at maturity§ %	Non-quota loans A* repaid by EIP† %	A‡ %	at maturity§ %
1	—	—	9¼	—	—	10¼
Over 1 up to 2	9½	9¼	8½	10¼	10¼	9¾
Over 2 up to 3	9	9	8¾	10	10	9¾
Over 3 up to 4	8¾	8¾	8¾	9¾	9¾	9½
Over 4 up to 5	8¾	8¾	8¾	9¾	9¾	9½
Over 5 up to 6	8¾	8¾	8¾	9¾	9¾	9½
Over 6 up to 7	8¾	8¾	8¾	9¾	9¾	9½
Over 7 up to 8	8¾	8¾	8¾	9¾	9¾	9½
Over 8 up to 9	8¾	8¾	9	9¾	9¾	9½
Over 9 up to 10	8¾	8¾	9¼	9¾	9¾	9½
Over 10 up to 15	8¾	9¼	9¼	9¾	9¾	9½
Over 15 up to 25	9¼	9¼	9⅜	9⅜	9⅜	9½
Over 25	9¼	9⅜	9⅜	9½	9⅜	9½

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Bad debts hit Allied Irish Bank

BY HUGH CARNEGY IN DUBLIN

SHARPLY increased provisions for bad debts from I£34m (£30.9m) to I£57m, restricted Allied Irish Banks' pre-tax profits in 1985-86 to I£87m—a rise of I£3m.

Operations outside Ireland continued to expand however, accounting for 50 per cent of profits in the year to March 31 1986. Profits at the bank's US affiliate, First Maryland Bancorp, rose from £10.1m to £16.2m.

A rise of £3.7m to £32.4m in tax resulted in a fall in net profits from £55.3m to £54.6m. Earnings per share were up 1.2 per cent to 32.3p, and the directors are recommending a final dividend of 5.5p per share for a total up from 9.5p to 10p.

Total assets at £8.2bn were 5.7 per cent up, and stockholders' funds increased by 8.6 per cent to £406m. Interest income was down slightly at £1.05bn, and interest payments were up 5 per cent to £735.4m.

Mr Gerry Scanlon, group chief executive, called the high bad debts provision a "disturbing figure."

The worst of the bad debts, 26 per cent of which were accounted for in personal borrowings, arose in Allied Irish Finance where profits tumbled from £17.2m to £3.3m, and Credit Finance Bank, which showed losses of £2.2m.

Mr Scanlon said these had been badly hit by a reverse in lending trends to a position where their ratio of linked-rate lending to flat-rate lending was now 65-35.

● comment

The market had steeled itself for a dull set of results from Allied Irish Banks and yesterday's small advance at the pre-tax level was greeted with some relief lifting the shares by 19p to 242p The bank's home market has without doubt been difficult as the country struggles on with continuing recession and bad debts have soared to I£57m. It has been the overseas profit centres that have come to the rescue; in the UK the underlying growth rate was 25 per cent and First Maryland in the US turned in sharply higher profits. The US banking scene is undergoing rapid change and competition at regional level is obviously going to hot up. Yet with a 47 per cent stake in FM Allied Irish could jump either way—expansion, or retreat at a handsome profit. Looking to this year the bad debt experience should improve although the cost of the soft loans following the Insurance Corporation debacle will continue to cost the profit line I£5½m and it will be mid-1987 before the bank's claims against Ernst and Whinney reaches the courts. Meanwhile the p/e of 8.5, post levy, is up with events while the yield is similar to Bank of Ireland's.

Company Notices

SOCIETE GENERALE ALSACIENNE DE BANQUE SOGENAL

French "société anonyme"
Capital: French Franc 216,300,000
Head Office: 8 rue du Dôme
67000 Strasbourg
Commercial Register:
Strasbourg B 548 601 311

The Ordinary General Meeting of the holders of the floating rate notes 1985-1995 Société Générale Alsacienne de Banque, Sogenal, held on May 2, 1986, has appointed:

As permanent representatives:
Mr Christian Chartier
1 Square Lamartine
77000 Melun, France
Mrs Sylvie Majeste
14 rue Lapeyrère
75018 Paris, France

As substitute representatives:
Mr Jean-Pierre Clement
160 rue d'Aubervilliers
75019 Paris, France
Miss Annick Le Gall
79 rue Villiers de l'Isle Adam
75020 Paris, France

The Board of Directors

AUTOMOBILES PEUGEOT

French "société anonyme"
Capital: French Franc 1,900,000,000
Head Office: 75 avenue de la Grande Armée, Paris 16ème, France
Commercial Register:
Paris B 552 144 503

The Ordinary General Meeting of the noteholders 11.50% 1985-1990 Automobiles Peugeot, held on May 2, 1986, has appointed:

As permanent representatives:
Mr Pierre Benaich
29 rue Madiran
92400 Courbevoie, France
Mr Daniel Letexier
21 avenue Léon Blum
91100 Corbeil-Essonnes, France

As substitute representatives:
Mr Jean-Pierre Clement
160 rue d'Aubervilliers
75019 Paris, France
Miss Annick Le Gall
79 rue Villiers de l'Isle Adam
75020 Paris, France

The Board of Directors

ALLIED IRISH BANKS, P.L.C.

NOTICE IS HEREBY GIVEN that the Transfer Books of the Company will be closed from 16th to 20th June 1986, both dates inclusive, for the purpose of preparing warrants for the Final Dividend in respect of the Year ended 31st March 1986, which will be posted to Shareholders on 8th July 1986.

By Order of the Board,
D. B. MOTYER.
Secretary.

Bankcentre,
Ballsbridge,
Dublin 4.
22nd May 1986.

Legal Notices

TO ROBERT HARDY
(sometimes known as Robert Ward)
late of 22 St. John's Road, Petts Wood, Orpington, Kent.

TAKE NOTICE that on the 20th day of November 1985 a Writ of Summons was issued against you in the High Court of Justice, Chancery Division, in the action of ZARIFIS and HARDY CH 1985 Z 6153, in which the Plaintiffs claim is for the return of the sum of £78,500.00 damages for Breach of Trust and interest AND TAKE NOTICE that by an Order dated the 24th February 1986 IT WAS ORDERED that the publication by advertisement once in this form of the said Writ of Summons in the Financial Times and in the Tonbridge Courier be deemed good service of the said Writ of Summons upon you.

AND FURTHER TAKE NOTICE that you must within fourteen days from the publication of this advertisement inclusive of the day of such publication, acknowledge service of the said Writ of Summons of Service which may be obtained on request from the Solicitors whose name and address appear below otherwise Judgment may be entered against you.

DEMETRIS KAKOULLI & COMPANY.
Solicitors of
First Floor,
89 Charlotte Street,
London W1P 1LB.

UK COMPANY NEWS

Hanson plans disposal of SCM assets for £105m

BY MARTIN DICKSON

Hanson Trust, the UK conglomerate, is to sell some of the paper manufacturing operations acquired earlier this year in its $930m takeover of SCM, the US group, to Boise Cascade for $160m (£105m) in cash, plus the assumption of some outstanding debt.

The sale involves the Jackson, Alabama, operation of Allied Paper, which includes a pulp mill with an annual capacity of about 220,000 tonnes, a paper mill making standard grades of uncoated printing and writing paper, and a lumberyard and related timberlands.

The assets made pre-tax profits of $10.3m in 1985 and have a book value of about $52m. Hanson is retaining Allied's other operations—its Kalamazoo Michigan, paper mill and its business forms and office supplies business.

Mr Martin Taylor, a Hanson director, said the Jackson interests were being sold because there was excess capacity in the paper industry and Hanson felt that the plant would perhaps be better run by a paper specialist such as Boise.

Sir Gordon White, head of Hanson's US operations, said the deal gave an excellent return for Hanson shareholders and provided Boise with a white paper manufacturing unit in all four major geographic regions of the US.

Hanson has now realised about $200m from the assets it acquired with SCM, since it recently sold the group's head office for some $36m.

Mr Taylor said Hanson had no plans for further SCM disposals on the scale of the Jackson one. SCM's other interests include the manufacture of typewriters, chemicals and foods.

The debts being asumed by Boise are relatively small. Hanson, which sharply increased its borrowings to fund the SCM purchase, said it had yet to be decided whether it would be best to use the Jackson proceeds to reduce that debt.

SCM was acquired following a bitter takeover battle which was fought through the US courts.

TV-am set for market debut

BY RAYMOND SNODDY

THE BOARD of TV-am, the commercial breakfast television company, is likely to decide today to go ahead with a flotation of about 35 per cent of its shares. The company hopes to get a full Stock Exchange listing.

A final decision on whether or not to go ahead will depend on a review of market conditions but analysts expect a flotation in July.

The shares are expected to be worth between £30m and £35m. A flotation has been expected at TV-am for some time because of the acquisition last October of Fleet Holdings, the largest single TV-am shareholder, by United Newspapers.

United already owns a stake in Yorkshire Television and the Independent Broadcasting Authority (IBA) said it could not hold both. The United stake in TV-am is around 33 per cent. The IBA is also keen that the 27.5 per cent stake in TV-am held by Mr Kerry Packer's company, Consolidated Press International, should be cut to below 25 per cent.

The IBA has approved the flotation in principle but is awaiting final details. The regulatory body will make it clear that new shareholders should not be able to own more than 10 per cent of the breakfast company.

TV-am is able to consider going to the market because of the considerable turnaround in its finances. In the past two years turnover has grown from £8m to £29m in the year ending January 1986. Pre-tax profits for the year are around £4.8m.

Advertising revenue has been boosted by rising audience figures. TV-am now has a weekly reach—those who watch for at least a quarter of an hour—of more than 13m and is taking nearly two thirds of the breakfast television audience.

In March the High Court approved a restructuring of the company, which involved the writing off of about £10m, leaving the company with a deficit of less than £1m.

Clifford's Dairies in £5.6m call

BY TERRY GARRETT

Clifford's Dairies is launching a £5.6m rights issue to clear its short-term debt and prepare for further acquisitions.

In the past four financial years Clifford's has spent a total of £13m on capital expenditure and acquisitions, raising capital gearing to 32 per cent by last December. Since then £2m of loan notes have been issued for the purchase of Morton Foods, a coating and mixings manufacturer for the frozen foods industry, lifting gearing to 42 per cent.

According to Mr Brian Lambe, finance director, the next acquisition could have raised debt to the point where it would have been inhibiting but for the cash call which will virtually eliminate short term debt leaving just £2¼m of loan notes against shareholders' funds of £28m.

The company is currently talking to a number of private companies in the food and drinks sectors with profits ranging from £200,000 to £1m a year.

The issue is of 486,320 new voting shares and 2,917,923 non-voting shares on the basis of one voting and six non-voting for every 25 of each class, at 190p for the voting and 170p for the non-voting.

The issue is underwritten by County Bank. Brokers are Phillips & Drew.

Metal Closures confirms Waddington bid talks

Metal Closures confirmed yesterday that it was in "preliminary and tentative" discussions that might lead to an offer after mounting speculation that the company is hammering out details of an agreed takeover by John Waddington, the packaging and printing group.

Meantime John Waddington moved on from its earlier "no comment" statement of Tuesday to admit that it has had talks with Closures although neither side would agree to still be talking to each other.

Closures' shares barely moved on the news, gaining just 3p to 186p to value the group at just under £40m although they had been as low as 129p a few weeks ago. Waddington's shares were unchanged at 770p for a market worth of £78m.

A major stumbling block to an agreed deal, however, is Closure's South African interests which contributed half of last year's £3.9m profit despite the weakness of the rand.

Hallite shares rise 27p on approach

Hallite, the Middlesex-based engineering equipment group, announced yesterday that it had received an approach which may or may not lead to an offer being made for the company.

The company, which makes synthetic rubber and plastic precision seals, has recovered during the past year from a downturn in the early 1980s, turning losses of £93,000 in 1983-84 into profits of £701,000 in 1984-85.

Last night Hallite's shares stood at 265p, up 27p on the day.

Hiram Walker's legal challenge against Allied-Lyons

BY BERNARD SIMON IN TORONTO

Hiram Walker Resources, the Canadian spirits and energy company recently acquired by Gulf Canada, is to mount a new legal challenge against an earlier agreement to sell its liquor business to Allied-Lyons, the British food and drinks group.

Allied already faces a challenge to the deal from Olympia & York, Gulf's parent, which is appealing against an earlier Ontario court decision which allowed the sale to Allied to proceed. That appeal, to be heard on June 23, is based largely on Hiram's failure to obtain shareholders' approval for the sale.

Now, following the takeover, both Hiram and Gulf say they plan to ask the Ontario Supreme Court to declare the C$2.6bn (US$1.89bn) sale "unenforceable, not binding and of no force and effect."

They gave no details of their grounds for challenging the agreement which Hiram concluded at the beginning of April. The agreement was part of its defence against what started as an unwelcome takeover bid by Gulf and its parent, the property and resources group Olympia & York.

Hiram described the sale at the time as a "definitive agreement." Company officials said privately it could be overturned only by "hell or high water."

Hiram's sudden change of heart comes in the wake of quick action by Gulf and O. & Y. to assert their authority over the company following their success in gaining control last month after a fierce five-week takeover battle.

Gulf's chairman, Mr Keith McWalter, said Gulf "will pursue all avenues legally available" to retain Hiram's liquor interests, which include such brands as Canadian Club whisky, Courvoiser cognac and Ballantine's scotch.

● In London, the Trade Secretary has decided not to refer to the Monopolies Commission the proposed acquisition by Allied-Lyons of assets of Hiram Walker Resources.

RTZ expands in the US

BY KENNETH MARSTON, MINING EDITOR

Rio Tinto-Zinc has purchased The Ottawa Silica Company, of Illinois, for $46m (£30.3m). Last year RTZ bought Pennsylvania Glass and Sand.

Announcing the latest acquisition at yesterday's London meeting Sir Alistair Frame, the chairman, said the purchase would make RTZ the largest supplier of silica sand in the US.

He added: "The effect of our new acquisition gives us nationwide distribution. Benefits will also arise from rationalising the activities of the two companies. We aim to become the most efficient and cost-effective supplier of silica sand products in the US."

RTZ continues to discuss with the UK Government the position of the group's Cornish tin mines, but Sir Alistair mentioned the "strong possibility" that the loss-making operations would close at the end of July.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Assocd. Paper ......int	2.2	July 3	2	—	6
Avon Rubber ....int	2.5	July 7	2.2	—	5.7
Bass ....int	4.2	—	3.7	—	14.7
Benlox	0.6	July 1	0.6	1.1	1.1
S. & W. Berisford ...int	3.5	Oct 7	3.5	—	10.5
Biddle Hldgs.	nil	—	7.6	2.4	10
Gartmore American ...	0.7	—	1.4	1.3	2
Hartwells†	1.77	July 31	1.58*	2.65	2.3*
House Property	6	July 26	6	9	9
Irish Distillers ......int	2¶	July 22	1.5	—	7.15
Jackson Group§	3.1	—	2.65	4.3	3.85
Leeds Group ....int	2.25	July 1	1.87	—	5.21
London Northern Grp.	3.05	July 7	3.05	5.15†	4.9
Monks & Crane‡	1.6	Aug 7	—	1.6	—
Sidlaw Group ....int	2.75	Aug 8	2.75	—	9
Whitbread	5.55	July 25	4.9	7.8	6.95

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Irish pence throughout.

Yearlings

Yearling bonds totalling £2.75m at 9$\frac{11}{16}$ per cent, redeemable on May 27 1987, have been issued by the following local authorities. Merthyr Tydfil Borough Council £0.5m: Hillingdon (London Borough of) £1m: Lincoln (City of) £0.5m: Cheltenham BC £0.5m: West Oxfordshire District Council £0.25m.

Also — Kettering BC £0.4m at 9¾ per cent due May 15 1991: Eastbourne BC £0.25m at 9$\frac{7}{16}$ per cent due May 18 1988.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Albion, Cambrian and General Securities, Greenall Whitley, RHP.

Finals: British-Borneo Petroleum Syndicate, Castings, Deritend Stamping, Ferguson Industrial, Hambros Investment Trust, Jermyn Investment, Micro Focus, Plessey, "The Times" Veneer, Young and Co's Brewery, Witan Investment Trust.

FUTURE DATES

Interims:

Dobson Park Industries	May 30
Hanson Trust	June 3
Lee (Arthur)	June 19

Finals:

Brown (N.) Investments	June 11
Cape Industries	June 17
Chancery Securities	May 29
Cook (William) (Sheffield) ...	May 30
Dunhill	May 27
Globe Investment Trust	May 27
L.C.P.	June 5
Murray Technology Invest.	May 28
Osborne and Little	June 9
Property Partnerships	June 13
600 Group	June 12

UK COMPANY NEWS

Avon Rubber confident after midway increase

ONLY ONE division of the Avon Rubber group failed to trade profitably in the half-year *ended March 29 1986*. The result was that the group lifted its overall *pre-tax profit from* £2m to £2.39m, and is looking *for continual improvement in* the second half.

The poor performer was the Avon Lippiatt Hobbs companies, and the directors have decided to dispose of them. Negotiations for sale are at an advanced stage.

Particular improvement was achieved in Avon Industrial Polymers and the tyre interests, the directors report.

In the early part of the year there was a complete restructuring of production practices in the automotive hose factory at Trowbridge and in the inflatable boat factory at Llanelli.

The directors are encouraged by the success of these projects and the *anticipated benefits* are considerable: they intend to *extend the work* to other parts of the group.

Group turnover in the half year came to £101.66m (£98.69m), operating profit to *£5.69m (£5.33m)* and related companies' share to £239,000 *(£75,000). Interest and similar* charges were £1.58m (£1.4m).

The tax charge is £270,000 (£179,000)—mainly on overseas *profits and related companies*—and minorities take £108,000 *(£56,000) to leave the net profit* at £2m (£1.77m) for earnings *of 15p (13.2p)* per share. The interim dividend is lifted to *2.5p (2.2p)* net.

The cost of the restructuring was substantial and has been treated as an extraordinary charge of £935,000, so reducing attributable profit to £1.07m.

Avon Industrial Polymers has won a contract worth some £800,000 from the Ministry of Defence to make more than 60,000 pairs of NBC overboots for the British Army.

● comment

Avon Rubber is coming out of its shell. After four years of developing new products and cutting costs, Avon is now producing such good figures that it has evidently decided to heighten its City profile. Analysts picking over Avon for the first time may find much to admire: the company's basic tyre business is moving ahead on fatter margins due to a *larger proportion* of high performance tyres in the mix, while the £1m spent this year on overhauling the hose factory has increased capacity by about 30 per cent, and has had an immediate and marked effect on productivity. In the second half of the year profits on some of the more exciting contracts—a respirator for the MoD and skirts for hovercraft in the US—should start to show, while further contracts along similar lines are in the pipeline. Yesterday's order for protective boots was another encouraging *step, and should* help Avon towards £8.5m pre-tax for the full year. A prospective *p/e* of 7 (12 per cent tax) seems stuck back in the unprofitable times of the early 1980s.

Hartwells achieves all-round rise

DESPITE A background of highly competitive trading conditions all main activities of the Hartwells Group made good progress in 1985-86.

As a result, sales rose from £218.3m to £266.14m and profits before tax to £5.71m, an improvement of 13.7 per cent over the previous year's £5.02m.

The current year has started well with "encouraging" results for the months of March and April. If this trend continues and the climate for trading remains settled the directors are optimistic that profits will be a record.

Meanwhile, the final dividend is being lifted from an adjusted 1.578p to the forecast 1.77p, making a total of 2.65p (2.298p) on the capital enlarged by last November's one-for-four rights issue.

Trading profits for the past year (to February 28 1986) improved by 24 per cent to £6.73m, reflecting improved profitability in both motor distribution and heating services and an increased contribution from property rental income.

Record new vehicle registrations nationally boosted turnover in the motor distribution sector to £212.9m, an increase of £38.6m of which £20.6m was attributable to the Bristol Motor Company, acquired in February 1985.

The directors warn that the Government's proposals to move the change of registration letter from August to October with affect from 1987 will lead to "an influx of part exchanges at a time of year when used vehicle sales are usually quiet with a consequent increase in stocks and a problem in disposing of such vehicles *before the* new year when sales pick up again."

Shareholders are told that if profitability and opportunities for future growth are to be maintained changes to marketing and customer service must be made.

The directors say proposed measures will put the group in a strong competitive position in the years ahead.

Tax for 1985-86 took £1.89m (£976,000) and left earnings 1p lower at 7.9p per 25p share.

Benlox little changed at £0.37m

THE SIGNIFICANT improvement looked for by the directors of **Benlox Holdings** for the second six months of 1985 failed to materialise and profits for the year as a whole emerged little changed at £365,784 pre-tax, compared with £358,371. Operating profits fell from £265,172 to just £19,444.

Figures for the second half showed a reduction of just under £20,000 *pre-tax*. However, all trading subsidiaries have started 1986 with "very substantial" order books and, given a return to more normal weather conditions, the directors are looking for a significant increase in profitability.

The group's loss-making subsidiary Joshua Bigwood & Son was put into receivership in December—all other principal operating subsidiaries are involved in contracting.

Group turnover for 1985 improved from £10.05m to £15.95m.

The dividend is held at 1.1p net from earnings of 1.3p (1.9p) fully diluted.

New company formed by Howard Machinery

Howard Machinery, the financially troubled agricultural machinery group which was suspended last year, is to offer its shareholders an unusual form of consolation prize—an *opportunity to invest in a new* company.

Howard said that its net assets at the end of 1985 were just £12,000, while administrative costs had continued since then, and the loss for the year was £6.41m.

The company, which announced a capital reconstruction plan last August, said it was still negotiating with its creditors banks a deal that would waive or convert sufficient debt to allow it to *retain its public status.*

In the meanwhile, a new company, *Howmac*, has been formed, with the same board as Howard and free of debt. It will invite shareholders to subscribe finance to enable it to invest in a quoted industrial company.

Annual Meetings

Reduction in underwriting loss at Sun Alliance

AT THE annual meeting of the Sun Alliance Insurance Group, Mr H. U. Lambert, the chairman, said the first quarter of 1986 had shown a marginal pre-tax loss.

Investment income and life profits had shown satisfactory growth, but were not sufficient to cover the underwriting loss.

Home results were seriously affected by weather claims, and it was estimated that their cost of over £40m would be much about the same as 1985. However, there was a reduced underwriting loss in home business as a whole.

Results overseas had been rather better and most territories reported improved experience.

Several other annual meetings were held yesterday, and the following are extracts therefrom.

JOHNSON GROUP Cleaners—Chairman Mr Philip Bottom said trading to date was similar to last year, *in spite of adverse* currency movement which had undermined US earnings on translation.

METALRAX—The first quarter had started well, chairman Mr John Wardle reported. "We are within 0.5 per cent of our budget, which was set to be rather better than last year."

BRIDON — Shareholders were told that the company was to replace as *soon* as possible the £5m profit lost through the sale of the investment in Mexico, and that would represent a strengthening in the quality of profit.

The investment had for many years made a significant contribution to the total consolidated *profit*, but was largely notional and made a minimal contribution to cash resources actually available.

As for the current year, sales volume in the major subsidiary British Ropes, particularly to home market, was disappointing in the first quarter. However, order books were now better.

SLOUGH ESTATES — Mr Nigel Mobbs, chairman, was much encouraged by the start to the year. Lower interest rates and energy prices seemed to be stimulating business activity in all the countries of operation. He was satisfied with the initial investment into the US leveraged buy-out market.

BASE LENDING RATES

	%		%
ABN Bank	10½	Financial & Gen. Sec.	10½
Allied Dunbar & Co.	10½	First Nat. Fin. Corp.	11½
Allied Irish Bank	10½	First Nat. Sec. Ltd.	11½
American Express Bk.	10½	● Robert Fleming & Co.	10½
Amro Bank	10½	Robert Fraser & Ptrs.	11½
Henry Ansbacher	10½	Grindlays Bank	§10½
Associates Cap Corp.	11	● Guinness Mahon	10½
Banco de Bilbao	10½	● Hambros Bank	10½
Bank Hapoalim	10½	Heritable & Gen. Trust	10½
Bank Leumi (UK)	10½	● Hill Samuel	§10½
Bank Credit & Comm.	10½	C. Hoare & Co.	10½
Bank of Cyprus	10½	Hongkong & Shanghai	10½
Bank of Ireland	10½	Johnson Matthey	10½
Bank of India	10½	Knowsley & Co. Ltd.	11
Bank of Scotland	10½	Lloyds Bank	10½
Banque Belge Ltd.	10½	Edward Manson & Co.	11½
Barclays Bank	10½	Meghraj & Sons Ltd.	10½
Beneficial Trust Ltd.	11½	Midland Bank	10½
Brit. Bk. of Mid. East	10½	● Morgan Grenfell	10½
● Brown Shipley	10½	Mount Credit Corp. Ltd.	10½
CL Bank Nederland	10½	National Bk. of Kuwait	10½
Canada Permanent	10½	National Girobank	10½
Cayzer Ltd.	10½	National Westminster	10½
Cedar Holdings	12	Northern Bank Ltd.	10½
● Charterhouse Japhet	10½	Norwich Gen. Trust	10½
Citibank NA	10½	PK Finans. Intl (UK)	11½
Citibank Savings	¶12.75	Provincial Trust Ltd.	11½
City Merchants Bank	10½	R. Raphael & Sons	10½
Clydesdale Bank	10½	Roxburghe Guarantee	11
C. E. Coates & Co. Ltd.	12	Royal Bank of Scotland	10½
Comm. Bk. N. East	10½	Royal Trust Co. Canada	10½
Consolidated Credits	10½	Standard Chartered	10½
Continental Trust Ltd.	10½	Trustee Savings Bank	10½
Co-operative Bank	*10½	United Bank of Kuwait	10½
The Cyprus Popular Bk.	10½	United Mizrahi Bank	10½
Duncan Lawrie	10½	Westpac Banking Corp.	10½
E. T. Trust	11½	Whiteaway Laidlaw	11
Exeter Trust Ltd.	11	Yorkshire Bank	10½

● Members of the Accepting Houses Committee. * 7-day deposits 6.38%, 1-month 6.69%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¾% gross. ¶ Mortgage base rate. § Demand deposit 6.35%. Mortgage 11%.

UK COMPANY NEWS

Associated Paper profits lower than expected at £2.3m

ALL THREE divisons of Associated Paper Industries have contributed to an increase in first half profits, although the overall pre-tax £2.31m, compared with £2.2m, is not quite up to the board's hopes.

The best performance came in stamping foils, where an increase in trading profits from £697,000 to £1.04m has helped to offset substantial increases in group costs and interest charges.

The newly acquired stamping foil business in the US is being integrated. The board is pleased with the purchase and says results from that country are in line with expectations. The group now has a strong position in the world market and prospects are very good.

Papermaking and converting contributed £1.58m (£1.48m) to trading profit, and air conditioning, filtration and purification £348,000 (£314,000). Group costs were £452,000 (£286,000) and interest charges £208,000 (£4,000). The 1985 costs were reduced by an exceptional rates rebate of £59,000.

Group turnover in the six months to March 29 1986 advanced from £26.85m to £33.89m. Exports continued strongly and represent some 25 per cent of the figure.

After tax £545,000 (£505,000) earnings come to 9.5p (9.2p) per share, and the interim dividend is to be 2.2p net (2p).

The group is experiencing an improved trend in orders and the outlook for the rest of the year is considered favourable.

● comment

Associated Paper's interim result fell short of its own and the City's expectations, but by the end of the day the market had taken the charitable view that the group's underlying growth prospects were still sound and nudged the shares up 5p to 235p. The main reason for the sluggish first-half performance was the downturn in net margins caused by the acquisition of Dri-Print last November: this US stamping foils producer carries a far higher level of overheads than the rest of th group and barely washed its face. Elsewhere, the general level of orders has been quiet and there have been heavy development costs on the introduction of electron beam curing to simplify the paper coating process at Henry and Leigh Slater. With Peerless Foils settling into its new factory, the Dri-Print integration continuing and order books picking up, the secondh-alf prospects look somewhat brighter, but a cautious view of £5m for the full year has the shares looking up with events on a prospective multiple of 12¼.

Progress at Cronite Gp. in opening six months

A MODEST increase from £200,000 to £213,000 in pre-tax profits is reported by the Cronite Group for the six months to March 31 1986. Turnover of this Birmingham-based group—it is engaged in processing of alloys, nickel alloy manufactured products and steel stockholding — was slightly lower at £9.04m compared with £9.19m.

The directors say all three foundry companies traded strongly, and with good order books and the benefits of increased efficiency and investment in modern plant, are progressing satisfactorily.

Cronite Alloys, the metal re-cycling business, continued to be affected by the weak trend caused by the low world price of nickel and worsened by the increase in the sterling-dollar exchange rate. This has caused dealers to hold back on trading.

Cronite Steel started the year well, but has slipped recently owing to the sudden drop in demand from the oil drilling rig sector.

Mr T. F. Honess, the chairman, expects the year's out-turn to be satisfactory, and for the pattern of growth developed in the past two years to be resumed as soon as the metal businesses return to normal trading.

Stated earnings per 25p share improved from 3.4p to 3.8p.

Sidlaw in sale of lossmaker as profit drops to £2.3m

AS WELL as reporting a downturn in pre-tax profits from £3.34m to £2.25m in the six months ended March 28 1986, Sidlaw Group also announced the sale yesterday of its lossmaking associate Drexel Oilfield Services to its management, for US$600,000 (£396,000).

The directors of Sidlaw say that despite efforts over the past year to bring Drexel's costs into line with market conditions the latest oil price collapse meant they could not justify continued support and investment. Drexel reported pre-tax losses of $1.1m for the year to March 1985, and a further significant loss is indicated for the year to March 1986.

The sale of its 50 per cent investment has resulted in an extraordinary loss of £2.2m (£42,000).

The directors state that second half prospects for the group do not indicate a further deterioration, and it is their intention to maintain the dividend at 9p in total. The interim is unchanged at 2.75p, and earnings are shown at 6.48p (8.78p).

Turnover for the half year fell to £28.54m (£29.22m) and after losses of £207,000 last time from Drexel, operating profits are down at £2.45m (£3.33m). Interest charges this time were £202,000 (£8,000 received).

The group's oil services division felt the impact of lower and more competitive North Sea activity in the half year.

Its textiles division has come through the dramatic fluctuations in raw material prices of 1984-85

Howard surges 79% midterm

Howard Group, Lloyd's insurance broker which has agreed a £57m merger with fellow broker PWS International, has announced a 79 per cent improvement in pre-tax profits. For the six months to March 31 1986, the taxable result jumped from £1.32m to £2.56m.

At the same time, the directors of PWS estimate in the merger document that its pre-tax profits for the year to March 31 have been maintained at £1.7m, while turnover fell to £7.7m (£10.8m), due to reduced commissions on underwriting and pool facilities, the strength of sterling and some further rationalisation.

As previously announced, a second interim dividend of 6p in lieu of a final will be paid by PWS, while Howard shareholders will receive a special interim of 4p, as announced.

Clayform Properties beats forecast

Pre-tax profits at Clayform Properties were £2.67m against £1.29m and comfortably beat the USM prospectus forecast of £2.5m. Turnover soared from £1.48m to £11.87m.

The pre-tax figure was after administration expenses of £633,000 (£538,000), but included income from shares in Schofields (Yorkshire) amounting to £660,000 (£129,000). Income from shares in associated companies was £1.14m (£483,000). Interest charges were considerably lower at £84,000 against £285,000. Tax took £738,000 (£527,000).

There was an extraordinary item after tax of £1.31m this time, which relates to the sale of shares in Owen Owen. An initial dividend of 5p is being recommended.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1985							
1985							
1st qtr.	106.5	103.2	104	113.4	133.9	3,138	153.6
2nd qtr.	108.5	104.0	107	115.0	141.4	3,174	161.7
3rd qtr.	108.5	103.8	101	116.3	145.2	3,179	164.4
4th qtr.	108.4	103.6	98	116.8	177.7	3,174	168.2
September	108.4	103.8	102	115.6	142.7	3,179	167.3
October	108.2	102.9	91	115.0	140.8	3,173	172.6
November	109.7	103.7	100	117.4	164.8	3,167	170.0
December	107.4	104.1	103	117.3	210.4	3,184	162.1
1986							
1st qtr.	108.9	102.3		118.0	145.4	3,204	164.6
January	108.1	102.2	98	117.0	145.6	3,205	159.7
February	109.4	102.4		117.2	140.9	3,210	165.0
March	109.3	102.3		119.8	148.6	3,199	168.8
April				119.0		3,202	169.0

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
1st qtr.	103.1	102.5	109.9	103.8	110.1	99.6	13.8
2nd qtr.	103.3	104.4	113.0	104.9	116.0	100.4	18.6
3rd qtr.	104.8	101.9	113.3	103.2	115.0	103.3	17.1
4th qtr.	104.6	102.5	113.2	103.0	110.6	103.8	15.6
September	105.3	102.1	115.0	104.0	114.0	103.0	17.4
October	103.5	101.6	113.5	102.0	111.0	102.0	19.5
November	105.1	102.0	115.7	103.0	112.0	106.0	16.5
December	105.2	104.0	110.3	105.0	109.0	103.0	10.8
1986							
1st qtr.	103.1	100.5	115.6	101.6	106.8	101.3	14.2
January	102.1	100.6	114.3	101.0	106.0	101.0	14.1
February	103.4	100.5	116.4	101.0	105.0	102.0	12.7
March	103.8	100.6	116.0	102.0	110.0	101.0	15.8

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1985							
1st qtr.	118.6	126.6	−1,266	−374	+1,968	96.1	13.53
2nd qtr.	120.5	124.8	−124	+1,333	+2,411	97.8	14.32
3rd qtr.	116.3	124.1	−453	+1,072	+1,900	100.2	14.18
4th qtr.	118.9	127.4	−225	+921	+1,893	101.6	15.54
September	116.7	123.6	−87	+421	+662	100.6	14.18
October	118.8	125.0	+7	+334	+754	101.0	16.31
November	118.5	129.6	−214	+112	+640	102.1	15.98
December	119.4	127.8	−16	+475	+491	101.7	15.54
1986							
1st qtr.	117.3	125.4	−1,337	+863	+2,079	101.0	15.88
January	118.1	119.9	+140	+1,140	+997	101.7	15.60
February	120.7	125.5	−338	+262	+685	100.6	15.80
March	113.1	130.9	−1,138	−538	+397	100.6	16.25
April							18.99

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending† £m	Base rate %
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,109	13.50
2nd qtr.	5.1	32.4	20.4	19.2	1,523	3,082	12.50
3rd qtr.	5.5	15.4	11.6	17.5	1,771	3,374	11.50
4th qtr.	1.4	25.1	17.8	17.7	2,299	3,431	11.50
September	1.1	5.2	12.3	14.1	597	1,182	11.50
October	1.5	24.9	19.8	18.7	796	1,144	11.50
November	3.0	21.5	20.4	17.6	638	1,095	11.50
December	2.7	29.1	14.2	17.0	865	1,192	11.50
1986							
1st qtr.	6.5	9.0	10.7	12.2	2,220	7,267	11.50
January	9.8	14.6	11.1	11.4	770	2,739	12.50
February	4.6	5.3	6.8	9.1	793	2,318	12.50
March	5.1	8.2	14.3	16.4	657	2,210	11.50
April	0.4	21.5	29.0	26.8	756		11.50

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1985							
2nd qtr.	179.3	138.8	139.4	375.3	339.4	278.13	78.9
3rd qtr.	174.4	133.1	140.2	376.3	335.8	251.13	82.2
4th qtr.	176.9	132.6	141.4	378.1	337.4	n/a	79.8
September	176.1	132.7	140.5	376.5	335.8	251.13	81.4
October	173.9	134.7	141.9	377.1	335.5	249.46	80.4
November	176.8	132.1	141.5	378.4	337.4	n/a	80.0
December	180.0	134.7	141.9	378.9	339.4	n/a	79.1
1986							
1st qtr.	179.1	133.0	143.4	380.3	343.3	n/a	75.1
January	176.9	135.2	142.7	379.7	341.1	n/a	76.6
February	177.9	133.9	143.3	381.1	343.6	n/a	74.2
March	182.5	129.8	144.2	381.6	345.2	n/a	74.6
April		128.1	145.4	385.3	347.4		76.2

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

APPOINTMENTS

Chief executive of J. A. Devenish

Mr M. R. Cannon has been appointed chief executive of J. A. DEVENISH, following the resignation of Mr I. W. Ludlow as group managing director and from all his appointments in the company. Mr P. R. Smith has been appointed managing director of the Devenish operating companies.

★

Following the completion of the acquisition by ABACO INVESTMENTS of Anthony Brown Stewart, chartered surveyors, Mr Bruce Brown has joined the board of Abaco.

★

COMPASS WINE BONDING SERVICE has appointed Mr Robert H. Richards to the board. He recently retired as chairman of the board of Jardine Glanvill, one of the Jardine Matheson Group.

★

WALTER LAWRENCE has appointed Mr Brian W. Scull as divisional managing director of Walter Lawrence & Son. He joins from French Kier, where he was main construction board director responsible for new build and refurbishment projects in the London region.

★

CLOGAU GOLD MINES has appointed Mr Simon Lee to the board. He is chairman and managing director of Great Victoria Gold Mines, Perth, the largest single shareholder owning some 29 per cent of the issued capital.

★

J. H. MINET & CO has appointed Mr Colin Rees Phillips as executive director of the North American marine division, and Mr Ian Delgado as executive director of the data processing division.

★

Mr Leslie Sallabank, a director of Wimpey Construction, has been elected chairman for 1986-1987 of the BUILDING EMPLOYERS CONFEDERATION'S NATIONAL CONTRACTORS' GROUP which comprises 80 of the BEC's largest members. Mr Sallabank is a former chairman of the Federation of Civil Engineering Contractors.

★

DECLAN KELLY has appointed Mr Michael Morris as managing director of YPH Housing, a subsidiary formed to expand the group's programme of inner city housing renewal and sheltered housing management. Mr Morris was formerly general manger of the Airways Housing Trust and is a council member of the Housing Centre Trust. Guildway has appointed as financial director Mr Kenneth Kelly, formerly a chief accountant with the Santa Fe international corporation.

★

Sir Kenneth Cork has been appointed to the board of BRENT WALKER HOLDINGS as a non-executive director.

★

Mr Dominic Suddaby has been appointed a director of EXFINCO, the Export Finance Company. He will join the company in June, when he will take responsibility for new business.

★

Mr Roy Davey, formerly vice president and treasurer of Gulf International Bank, London branch, has been appointed treasury manager of HUNGARIAN INTERNATIONAL BANK, London. He succeeds Mr Ted Bradshaw director treasury, who is retiring on July 10.

★

EXCO INTERNATIONAL has appointed Mr Richard Davey as group financial director to succeed Mr John Irvine who is resigning on June 30. Mr Davey joined the board in 1983 and for nearly two years was resident in New York with responsibility for the group's US operations. He has been a member of the executive committee of the board since March, 1984. Mr Davey was formerly an executive director of N. M. Rothschild and Sons, of which he remains a non-executive director. Mr Irvine, who joined Exco as financial director in 1974, is resigning to return to consultancy work with smaller companies. Mr Poul Jesperson has also resigned from the board to pursue his personal interests. Mr Jesperson joined the group in 1968 as managing director of Astley & Pearce (Scandinavia) in Copenhagen and will remain a non-executive director of that company. He has been succeeded as managing director of Astley & Pearce (Scandinavia) by Mr Per Nielsen.

★

BUTLER HOLDINGS (part of MAI) has been formed to take specific responsibility for all money and securities broking activities of the Butler Group in London. Headed by chief executive Mr Gerry Wilton, other directors are Mr Geoffrey Gascoigne and Mr David Pippard as joint managing directors, Mr Tom Ford, Mr David Hills, Mr Albert Joiner, Mr Stuart Mackenzie and Mr Don Turner. The following have been appointed in the operating companies: Butler Till: managing director, Mr Mackenzie; Butler Treasury Services: Mr Howard Gilbert, Mr Ron Jenkins, Mr William Stemp and Mr Derrick Thomas (directors); Butler Asset Finance: Mr Ford (managing director), Mr Ross Proudfoot and Mr Bob Potter; Butler Securities: Mr Turner (chairman), Mr Pat Turnbull (managing director), Mr Steve McGann, Mr Barry Milner-Smith and Mr Kevan Keegan (directors); Guy Butler Europe: David Brown (director).

THE MANAGEMENT PAGE: Marketing and Advertising

PR takes on an ever more public profile

BY DAVID CHURCHILL

THE Charles Barker Group—one of the UK's oldest public relations and financial advertising groups—yesterday joined the growing band of communications consultancies on the stock market when its offer of shares for sale to the public was oversubscribed several times.

The sale was achieved in a nervous new issues market and in spite of some City disenchantment with the wave of public relations consultancies seeking a flotation.

Charles Barker, however, will now be anxious to take advantage of its publicly-quoted status (dealings start next Thursday) to join other consultancies in seeking to establish major communications groups for the 1990s.

Some of those consultancies that have gone public within recent months are already using their public status to achieve growth by acquisition.

"In a few years' time there will only be three or four global consultancy groups—and we want to be one of them," says Steve Smith, joint chief executive of Addison Page Chetwynd Sureets—a financial advertising, design, and PR grouping created by a merger earlier this month of two consultancies with public quotations.

Such aims echo the realignment and higher profile of the UK's advertising agencies—typified by Saatchi and Saatchi which, in a relatively few years, has established itself as the world's leading global communications consultancy. Last week it put the seal on its world-wide status with the acquisition in the US of the Ted Bates advertising agency.

But not everybody believes that Britain's fledgling PR consultancies — which are enjoying boom conditions at present — should go to market in order to achieve further growth. "Publicly-quoted consultancies tend to run their companies with one eye on the stock market and one on their client's business," suggests Mike Horton, chairman of Burson-Marsteller in the UK (part of the world-wide communications group headed by the privately-owned Young and Rubicam advertising agency in the US).

"This encourages consultancies to react in a short-term and superficial way — and it is the superficiality of some PR activity that has given the industry a bad name in some quarters," he adds.

David Davis, chairman of the Edelman Group — one of the few independent and privately-owned large PR consultancies left — agrees. "A PR company is hired to get publicity for its clients," he says. "If its own profile becomes too high, the service that it is able to perform for its clients is reduced." Davis believes that, for the time being, "privacy may be the better part of professionalism," but acknowledges that this does not rule out eventual public status for Edelman.

Such potential changes in attitude happen frequently among consultancies. Two years ago Peter Gummer, chairman of Shandwick, was adamantly opposed to consultancies going to market. Last October, however, he took Shandwick onto the USM.

"PR is a more stable activity now," insists Gummer, explaining his change of heart. "The balance of our business in particular is now more evenly spread across a number of clients in different areas and this makes us less dependent on ups and downs in individual sectors."

Gummer, moreover, has found that going public has been beneficial. "We had quite a low profile when we went to market, but the exposure since then has generated a significant amount of extra business for us."

Antony Snow, chairman of Charles Barker, believes that going public will "give us the ability to raise finance on the market to expand our business both organically and by acquisition at home and abroad." Already it is using its shares to acquire Norman Broadbent International, an executive recruitment consultancy.

Other consultancies believe public status will enhance their ability to create global communications empires. "We are wedded to a global marketing strategy which is what our clients — especially the multinational ones — want from us," says Bruce Clark, chairman of Communications Strategy. "We need the resources of a public company to meet these demands."

The much-heralded "Big Bang" in the City this autumn has provided a considerable stimulus to financially-oriented PR consultancies to raise their status in the City through their own share flotation.

The euphoria and PR hype surrounding the public flotations of many PR consultancies, however, may be overdone. For example, Good Relations' image has been tarnished in the City's eyes over the past 18 months following defection of a few financial PR executives to a rival company and — more importantly—its deputy chairman, Maureen Smith, selling her shares in the company and starting up a rival consultancy.

"Good Relations fell victim to insufficient talent being available to keep up with demand," points out Neil Blackley, an analyst following the PR sector for stockbrokers James Capel. "The result is musical chairs with a few effective people constantly switching around."

PR's problem is that the sector's growth — consultancies in total are increasing fee income by about 20 to 30 per cent per annum—has come as something of a surprise. At the turn of the decade, the industry was still considered a minor adjunct of the advertising and marketing functions with the "gin and tonic" image very much in evidence.

But the early 1980s saw client companies increasingly turn to PR at the expense of advertising, mainly because PR was more cost-effective during the recession but also because PR practitioners were becoming more professional.

This trend saw consultancies growing at a rate which encouraged them to capitalise on this success by going to market. Good Relations led the way, first on the USM and then with a full quote in 1983, followed by Valin Pollen and Addison Communications on the USM in 1984. (Addison is now part of the new Addison Page Chetwynds Street combine and Valin Pollen achieved a full quotation last month.)

Chetwynds, in fact, joined the full market last December, shortly after Shandwick had been launched on the USM. Coming to market soon are the Lopex Group and Communications Strategy, with others, such as City and Commercial Communications, debating such a move.

Some of those that might have gone to market have ended up with advertising agencies. Saatchis bought three PR consultancies earlier this year — Kingsway, Granard, and GRC Financial—while last year the Wight Collins Rutherford Scott advertising agency acquired Biss Lancaster.

The rate of growth has stretched managerial capabilities to the limit, and in some cases they have been found wanting. "In the opinion of the City, some of those coming to market have weak and overstretched management which makes us pessimistic about them as an investment," believes Blackley.

There is also City concern with the strategic planning being shown by the new breed of communications consultancies. The "big is beautiful" worldwide approach favoured by Saatchi is not without its critics. The problems of controlling global communications campaigns and the professionals responsible for carrying them out requires management skills that the present generation of consultancies appears to lack.

And the level of staffing requiring control has been increasing steeply.

The concentration of resources among consultancies as they seek to grow by merger has not always run smoothly. An attempted link-up last month between Valin Pollen and Good Relations floundered, apparently because Good Relations' key staff were against the move.

Consultancies, of course, may confound their critics and put their own house in order. The industry's trade associations are seeking to improve training standards and Charles Barker, for example, is also sponsoring a Cranfield MBA course on communications next year.

Greater attention, moreover, is being focused on maintaining employee loyalty through, for example, more share option schemes.

But the question clients may still ask themselves is simply this: should so much attention be focused on these professional communications advisers whose real job is communicating the client's — not the consultant's message?

Tourism in Europe

Enticing the Americans

Frank Lipsius reports on efforts to woo reluctant visitors

IN THE middle of May, Pan Am, the US airline, came up with an offer of two tickets for the price of one this winter, to an American or Caribbean destination for each ticket purchased to Europe this summer.

For a company so dependent on summer European travel, the offer seemed a late and convoluted reaction to Americans' aversion to European travel. But at a time of lost revenues, mounting into the millions, it avoids a price war and gives some publicity to Pan Am's extensive routes to vacation destinations.

Inter-Continental Hotels has a similar plan to give guests in 29 European hotels from June to August two free weekend nights if they pay full published rates for two nights in the same hotel. The hotel group emphasises that the visitor gets a 50 per cent discount, though the offer minimises any loss of revenue and avoids discounts for business travellers who would be staying in the hotel in the week anyway.

On Tuesday, British Airways reacted by setting up a lottery for 5,600 tickets to Britain from the US in order to entice American travellers.

These are the boldest moves so far in a commercial anti-terrorist campaign for which companies generally have shown as little enthusiasm as European countries did for military action. Airlines, hotels and tour operators need to keep tourists coming and cash flowing to make the most of the crucial summer months. But they have been slow to act and nearly as cautious as the Americans they are trying to attract.

The directors of the European Travel Commission, which coordinates the work of 23 European tourist offices, meeting this week in Athens, are urging airlines to adopt an aggressive pricing structure that might lure more Americans to Europe. In the hope that American minds can be changed, they do not want high fares to hold back travel plans made on impulse. After all, once Europe seems less dangerous, Americans might be further put off by the precipitous drop in the value of the dollar since last summer.

Much of the initiative in the war to get Americans to Europe has been taken by the American offices of the European tourist authorities. From the beginning, the national tourist authorities had vigorously countered the sensationalist reports with a co-ordinated effort to get officials on the air to declare the safety of European travel.

As one story noted, it is still more dangerous to go to New York than to Europe considering that in four months five tourists in Europe have been killed at a time when almost 500 people were killed in New York.

Greece has aggressively countered terrorism with a $3m advertising budget. It far outstrips the other countries' expenditure. The German National Tourist Authority contributed to a half page general image co-operative ad with major West German tourist companies like Lufthansa and German railways.

Appearing in major American daily papers and Sunday supplements, the ad had a coupon offering information about Germany and was designed to elicit responses from readers which will subsequently be tabulated to gauge overall feeling.

Low risk

When the Austrian National Tourist Office increased its ads this spring, it took the much less direct tack of advertising a show about Vienna at the Museum of Modern Art in New York. Gerhard Markus, deputy director North America of the Austrian National Tourist Office, recognised that the ad might help New York more than Vienna. The idea, however, was to emphasise one aspect of Viennese culture in the hope that visitors would then discover the rest of what was available.

Hedy Wuerz, the director of public relations at the German National Tourist Office in New York, thinks the important thing is to "let Americans know just how low the real risk is." To this end, the European Travel Commission prepared a list of statements by prominent Americans who claim there is no reason to avoid Europe this summer. Distributing the list among travel agents, the commission directly addresses the "terrorist issue."

Most campaigns take the more discreet route of recommending Europe for all its advantages, without direct reference to American fears. The Germans have prepared four stories discussing major celebrations in West Germany this summer, on King Ludwig II of Bavaria, the centenary of the automobile, fairy tales and 600th anniversary of Heidelberg and have sent them to 3,000 radio stations in the hope that about 800 will use segments as news or cover stories. Hedy Wuerz echoes a general hope that if the incidents die down people will make more last-minute decisions to resurrect previously abandoned plans.

The French Government Tourist Office has increased the number of tours for journalists and travel agents to see France.

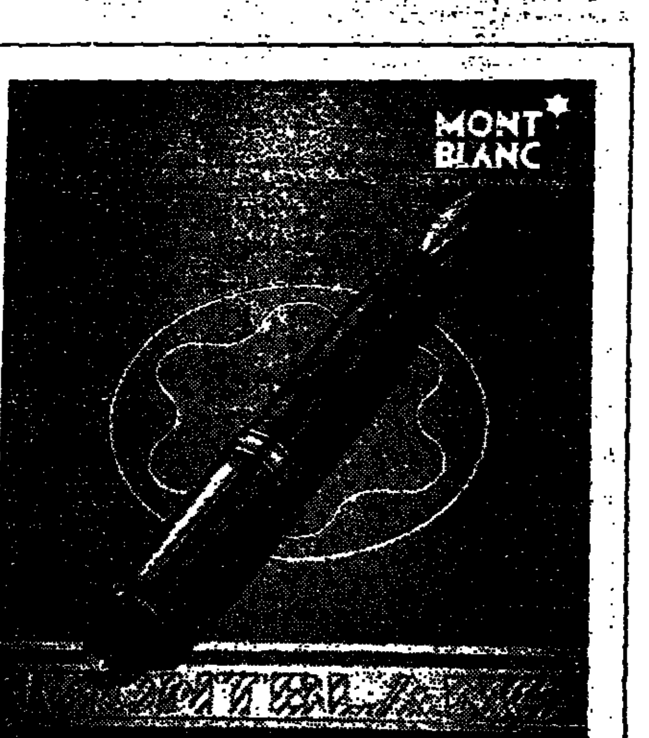
While some got a chance to see France, others had to settle for France being delivered to them. In late April and early May Air France and the tourist authorities took a road show to several American cities to interest travel agents in French destinations. The tourist authority sent 60 French tour operators to talk to more than 800 American travel agents in three major cities.

The head of the Italian Hotel Operators Association, Bonaventura Vaccarella, visited America to meet travel agents in an effort to counter the 30 per cent drop in hotel bookings to Italy this summer. Airline statistics show a similar 25 to 30 per cent fall off in reservations.

British response will include a £1.2m advertising spend on a four to six-week campaign starting at the end of June with the slogan: "Britain speaks your language."

The effects so far of publicity campaigns in the US appear limited. Carole Coffey of Ask Mr Foster, a chain of over 400 American travel agents, noted: "We are encouraging people to go to Europe. But the media hype killed it. We're getting no new bookings and the Pan Am promotion has brought in no business so far."

Bill Fishburn, whose Getaway Travel is a Chicago area agency, finds clients "very wary of Europe. Bookings are off 50 per cent, with people going instead to American and Canadian destinations. Vancouver World Fair has benefited greatly."



TECHNOLOGY: Computing

BY ALAN CANE

An analysis of predictions from IDC's industry briefing session shows a fragmented market but . . .

European software honours go to the French

FRANCE DOMINATES the Western European software and services market with 10 of its companies in the 1984 European top 20, the latest figures from International Data Corporation (IDC) show.

According to IDC only two UK companies, Scicon International and Thorn EMI were in the top 20 in 1984, and there were only 11 UK companies in the top 100. Figures soon to be published are expected to show significant moves up the chart by Logica, Hoskyns and CMG Group.

The IDC figures have to be treated with some caution. They apply, for example, only to sales within Western Europe. The UK company Logica, with substantial sales outside Europe would have appeared higher up the table if world-wide sales had been taken into account.

French software companies, furthermore, supply substantial amounts of custom-written software to French customers and this exaggerates their significance in the ranking tables.

The IDC figures, nevertheless, reinforced worries at British Government and industry level about the performance of the UK software and services industry.

Among measures planned are:

● A study, to be undertaken by IDC in co-operation with the consultants Coopers and Lybrand, of the European services industry and its performance with respect to the US and Japan.

● A study by Pactel, the computing and telecommunications arm of PA management consultants, of the "tradeable information" industry.

This includes such products as electronic data bases, videotex and value added network services.

Ms Lillian Shapiro, managing director of IDC, speaking at IDC's computer industry briefing in London this week emphasised the fragmented nature of the market. The top five vendors in France had 20.1 per cent of the French market, she said, while the top five in the UK had 13.4 per cent of the UK market.

The top five vendors in Europe had only 8.4 per cent of the West European market.

IBM, for example, the dominant computing services supplier in every European country had only 2.8 per cent of the market overall, a major difference from its 70 per cent plus share of the mainframe markets and 30 per cent plus share of the personal computer market.

Ms Shapiro predicted that the largest companies would grow by acquisition and merger: "By 1990, the top five European vendors will have 20 per cent of the market," she said.

She suggested that rather more than half the top 10 companies would be US owned by 1990.

Among the other predictions to emerge from the IDC briefing:

● The European on-line database market for financial information would grow from $300m this year to $800m in 1989.

● The value of shipments of 32-bit personal computers would equal the value of shipment of 16-bit machines by 1991.

● IBM will cut the prices of its top-of-the-range 3090 processors again this year: "IBM has done a lousy job in differentiating the 3090 series from the earlier 308X family," according to Mr F. R. Gens, director of IDC's IBM Systems Advisory Service.

He expected IBM to introduce a quadruple density top-end disk drive providing 10bn bytes of storage per unit compared to the 5bn bytes available today. It would achieve this by increasing the packing density of the magnetic impulses representing binary digits on the disk surface.

He argued, controversially that IBM would enter the merchant market for mini-winchester disk drives within the next two years. "This would fit its long-term financial strategy" he said. "It will enable it to be the lowest cost producer and give it as many distribution channels as possible."

Mini-winchesters are the most important storage devices found in the more powerful small and personal computers. They are based on small rigid magnetic disks, running in a hermetically sealed chamber, which are free of the environmental problems associated with "floppy" discs, and which offer high reliability.

He concluded that over the next decade IBM would become more dependent on distributed processing but would attempt to tie mainframe growth to distributed data processing growth.

It would lower its costs through higher volume production and by an increasing reliance on indirect distribution and strategic alliances with other computer companies—the alliance with Stratus, the fault tolerant computer company was a typical example.

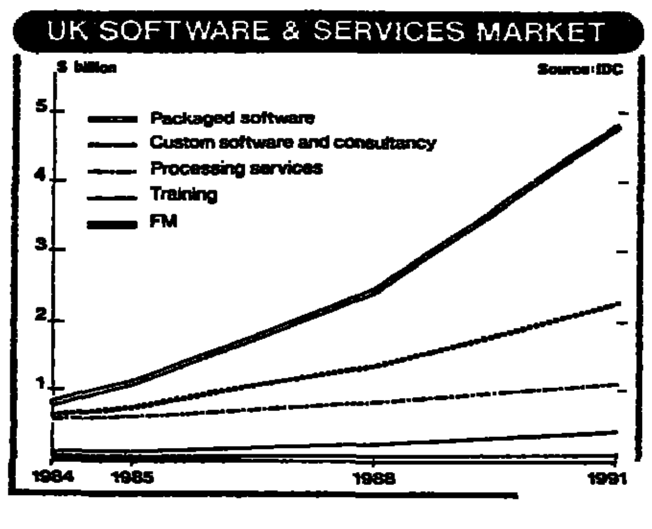
It would derive account control by establishing de facto standards—the use of Systems Network Architecture in data communications, for example—and by the provision of "top-to-bottom" operating systems environments. Its 31-bit extended architecture (XA) would cover the entire range of 370-like machines, supported by the operating systems MVS-XA and VM-XA.

Mr Gens suggested that IBM would double its revenues from software between 1984 and 1990 from 7 per cent to 14 per cent of its total revenues.

Revenue from processor sales would, however, decline over the same period from 26 per cent to 20 per cent. Its revenue from maintenance would stay constant at around 12 per cent of total revenues but there would be a small increase—from 21 per cent to 24 per cent—in revenues from office systems.

MAJOR WESTERN EUROPEAN SOFTWARE VENDORS IN 1984

Ranking	Company	Country of Origin	Revenue $m	Market share %
1	IBM	US	277.6	2.8
2	SG2	France	153.7	1.6
3	Cap Gemini Sogeti	France	151.8	1.5
4	GSI	France	132.3	1.3
5	Gelsco	US	110.7	1.1
6	Scicon Inc.	UK	110.7	1.1
7	Datev	West Germany	109.9	1.1
8	CISI	France	100.0	1.0
9	Thompson CSF	France	96.8	1.0
10	CCMC	France	79.3	1.0
11	Telesystemes	France	75.1	0.8
12	Thorn EMI	UK	73.6	0.8
13	Sema-Metra	France	69.1	0.7
14	Sligos	France	67.7	0.7
15	Kommunedata	Denmark	65.1	0.7
16	Kommunedata	Norway	64.4	0.7
17	Volmac	Netherlands	62.1	0.6
18	Datacentralen	Denmark	58.2	0.6
19	SESA	France	57.2	0.6
20	Kommunedata	Sweden	56.7	0.6



PC 'clones' fail to tempt UK dealers

LOW COST "clones" (functional copies) of IBM's personal computer family have yet to find their way into the all important personal computer dealer channels in the UK, according to the latest market survey from the consultancy Context.

Its investigations suggest that most dealers have at present little interest in selling the cheaper machines. But 41 per cent of dealers thought their attitude might change in the future.

The survey identified a new and curious phenomenon; the marketing of multi-user personal computers based on Intel's 80286 processor chip (IBM's PC-AT and its clones) as if they were simply powerful single user machines.

Source: Context; 01-938 2222

US market slowdown set for extended run

THE SLUMP now afflicting the US computer industry is not a brief aberration but will prove to be the beginning of an extended period of slow growth for the entire information technology business.

Mr W. F. Zachmann, vice president, corporate research for International Data Corporation (IDC), the US-based market consultancy, put this view at IDC's 1986 industry briefing session, held in London earlier this week.

He argued the base cause was a powerful trend to "downsizing" among computer industry customers.

By this he meant a tendency for customers to take advantage of cheaper, microprocessor-based equipment with the performance of much larger, more expensive computers. He pointed out that while it cost over $100,000 for each million instructions per second (mips—a measure of computer power) provided by an IBM mainframe, the same power was available for £60,000 or less from high-powered minicomputers manufactured by, for example, Digital Equipment.

He said: "Superior price/performance ratios and increased flexibility in microprocessor-based alternatives to mainframe computers are making it more attractive for users to 'downsize' applications to take advantage of the new economies."

Downsizing, he said, was the single most important lever of change in the information technology business. He believed that computer users world-wide could save $3bn-$4bn today by downsizing.

It would destroy the fabric of the industry, however, and eliminate conventional data processing, he said. "With a higher percentage of total demand being met by smaller systems with dramatically improved price-performance ratios, short and even intermediate-term demand elasticity is insufficient to maintain industry growth at the rates of the recent past."

He went on: "The probability is very high that the slump of 1985 is not just a brief aberration but the beginning of a protracted period of slow growth for the industry as a whole."

He concluded that hardware and software manufacturers would not be able to rely on growing with the industry to see them through the next few years. They would have to concentrate on taking market share from competitors.

He thought the real challenge to IBM over the next two or three years could come from Digital Equipment with its very powerful microcomputer-based systems such as the Microvax.

IBM, he thought, had stored up trouble for itself by shifting the balance between rental and purchase of machines so significantly towards purchase in the past few years. It had moved revenues into the first part of the year which would normally have been spread over the last two quarters. It had been eating some of its own seed corn. He thought that if the US economy slipped into recession, IBM might record a net loss for one or more quarters.

The overall burden of Mr Zachmann's argument was that few people, either within the computer industry or without, yet understood the magnitude of the disruption in the computer industry which would be caused by the advent of the microprocessor.

The personal computer was only the beginning, he said. Systems built around the newer, more powerful 32-bit microprocessors and able to support many users in a network were the next step with the network server, a new kind of network control and management device, the hot product.

Network servers were created by new, small companies like Banyan in the US.

He said that it was now possible to design and build effective systems where computing resources were spread across a work area through local area networking and multi-user computer systems.

Security and control problems were being solved, he said, while the fact that many microprocessors were linked together in a network created a built-in redundancy factor that offered high reliability.

He suggested the traditional computer manufacturers would find it hard to compete in this new information processing world. The companies to watch were small, innovative and sometimes quite obscure. His list of alternatives included Altos, Arete, Banyan, Filenet, Sun and Third Coast.

Rapidly growing power of hand-held machines

LESS THAN a decade ago, a megabyte (eight million bits) of memory was the target size for software specialists writing operating systems for large mainframe computers.

These days, a megabyte fits comfortably into a hand-held portable computer of the kind produced by MSI, among others. MSI's PDT series of hand-held terminals, just launched, offers from eight kilobytes to one megabyte of data storage in addition to 16 thousand bytes of operating system (the program that manages the operations of the computer) and 64 thousand bytes of electrically programmable read only memory for the customer's applications programs.

The power now to be found in hand held devices is beginning to match desk top computers of only a few months ago. The latest "Organiser" from the UK company Psion, for example, is said to offer the utility, data handling and programming facilities of a desk top machine at a price of only £99.50.

The original Organiser was very much an electronic notebook with ample storage space for names, addresses and so on, together with powerful searching software.

The new device is much more of a computer terminal with data communications facilities, plug-in bar code readers and so on.

Both the Psion and MSI device and those of other manufacturers look somewhat alike, justifying comments in a recent report* that improvements in packaging would make some of the current offerings a more attractieve proposition.

The report says that marketing departments are only starting to have an influence on the design of such devices and predicts that hand-held terminals of the future will be smaller, lighter, better-looking, colour coded and easier to use.

*Portable Terminals, Nydus Consultants, £99 0276 681027.

International Appointments

BIL BRIERLEY INVESTMENTS LIMITED has asked us to advise on this key appointment:

GROUP TREASURER

HIGH PROFILE INTERNATIONAL ROLE WITH NZ'S LARGEST PUBLIC CO: MARKET CAPITALISATION IN EXCESS OF $NZ 3.5 BILLION

This outstanding international investment group has an extensive range of profit generating commercial and industrial companies. The 1986 borrowing programme is over $2 billion. BIL has considerable advantages over other participants because of accumulated skills and experience built up over 25 years.

Recent record profits and further high growth plans for both overseas and local activities make this a most exciting appointment. The present Treasurer is moving to another more senior role having firmly established BIL in international markets. The successful candidate will be responsible for the total treasury function with a critical influence on group profitability. There will be liaison with local and international bankers on existing facilities and developing new relationships. A strong support team is available to assist in funding management; classic and risk arbitrage and co-ordination of the money management role. The position reports to the Chief Executive in the capital city, Wellington. It is being advertised world-wide.

REQUIREMENTS:

- International experience with a proven understanding of markets, trends and timing is essential.
- Strong self motivation to achieve progress independently but also to be a member of a close-knit and talented team.
- Innovative capability and highly developed negotiating skills at the most senior commercial levels.
- Age range flexible but preferably 35+ age group.

REWARDS:

- An excellent, internationally competitive, remuneration package.

APPLICATIONS:

Strictly confidential. Please apply in writing stating age, qualifications, experience, other relevant information and telephone numbers, mentioning Position RB2518 to:

RON BORLAND
MANAGEMENT RESOURCES LIMITED
P.O. BOX 11-237, Telephone 731-488
WELLINGTON
NEW ZEALAND

MARKETING OFFICER
VIENNA

Die Erste Oesterreichische Spar-Casse-Bank (First Austrian bank) was established in 1819 and has in recent years expanded its international banking activities to about one third of its total business volume.

To market its services to international corporate customers, it wishes to recruit an experienced young banker (aged 26-30) for its international headquarters in Vienna. The successful applicant will probably be a graduate with fluency in German. Candidates will have a background knowledge of the credit area and will have gained some marketing experience, preferably in a merchant banking environment.

As one of Austria's major commercial banks, First Austrian has a strong trade finance content to its international business and knowledge of that business would form a useful part of a candidate's experience.

An attractive salary is offered together with ample opportunity to travel on bank business.

Please send a full Curriculum Vitae, in absolute confidence, to
Laila Rafique, Associate Director,
Jonathan Wren International Ltd.,
170 Bishopsgate, London EC2M 4LX,
Tel: 01-623 1266,
Telex: 8954673 WRENCO.

Die Erste
Oesterreichische Spar-Casse-Bank
First Austrian Bank
Vienna – Sydney – Vicenza

Jonathan Wren International Ltd
Banking Consultants

European Controller

Paris — Competitive and flexible salary

Our client, a recognised leader in its field, markets a specialised high technology product to end users in Europe. Based in the European Head Office and reporting to the European General Manager, the Controller will take responsibility for:

★ Co-ordination of European consolidation and reporting.
★ Budget preparation, review and control using goal setting and performance analysis.
★ Internal control systems and procedures throughout Europe.
★ Liaison with corporate Tax and Treasury Departments and the European DP service.

The successful candidate should be:

★ A qualified accountant ideally with experience of financial management and audit either in industry or public practice.
★ Capable of working with US management at corporate headquarters and liaising with Financial Managers in four European countries. Travel throughout Europe is essential.
★ Experienced on PC's and Lotus 1,2,3 or similar packages. IBM 36 and Insight experience would be a plus.
★ Familiarity with French would be an advantage but is not a prerequisite. The company will assist the right candidate with language training. A knowledge of German would also be an asset.

This is an ideal role for a motivated accountant from the profession or someone with industrial experience to gain a sound and varied European background.

Interested applicants should telephone James Forte on London 01-831 0431 or send a detailed curriculum vitae, quoting current salary, telephone number and ref. no. P1120 to 39-41 Parker Street, London WC2B 5LH, UK.

MP
Michael Page International
Recruitment Consultants
London Brussels New York Sydney
A member of the Addison Page PLC group

MONEY BROKERS

INCOME • CAREER • LIFESTYLE
AUSTRALIA
THE BEST OPPORTUNITIES UNDER THE SUN.

Australia is in the early stages of a money market boom. In the few years since deregulation of the market, finance has become the 'buzz' industry in Australia and the market is in exponential growth.

Charles Fulton Australia is part of the respected international Charles Fulton Group. While our Australian operations are well established, we are in a phase of dynamic growth and are now looking for the people who can build on our success.

Specifically, we're looking for proven performers, who have yet to fulfil their ambition and have the enthusiasm to play a vital role in our development in the areas of:

• Spot Exchanges (Local and International) • Forwards and Swaps • International Deposits including F.R.A. & I.R.S.

If you have the experience, the ability, and the drive we can offer you every incentive you need to build your career in Australia. Not only is the lifestyle superb, you will receive an excellent package (including profit share), and have every opportunity to work your way to the top.

This is a rare chance for you to come to Australia with a ready made career and plenty of scope for the future. Please write, enclosing details of your past experience and full C.V. to: The Managing Director, Charles Fulton Australia Pty. Ltd., Box 3702, GPO, SYDNEY, NSW 2001. AUSTRALIA.

All applications will be treated in the strictest confidence. Interviews will be held in London, in late May or early June.

Charles Fulton

SAVORY MILLN

International Equity Sales Executives

This leading International equity house is seeking equity sales executives in order to expand its successful European research, sales and market making team.

Senior positions are available in our London and New York offices offering outstanding career and remuneration prospects.

Please reply in strictest confidence to:

Joe Hall
Savory Milln
3 London Wall Buildings
London
EC2M 5PU

Elizabeth Scheel
Savory Milln Securities Inc.
717 Fifth Avenue
New York
New York 10022

ADDIS ABABA ETHOPIA

International Livestock Centre for Africa

FINANCE OFFICER

Vacancy INT/005/86

The International Livestock Centre for Africa (ILCA) with headquarters at Addis Ababa, Ethiopia, is one of 13 international agricultural research organisations which are supported by the Consultative Group on International Agricultural Research (CGIAR), an association of governments and donor agencies, co-sponsored by the World Bank, FAO, and UNDP.

ILCA is offering a challenging opportunity to a Finance Officer with a proven record and experience of international or multi-national operations, including responsibility for budget planning, control, cash-flow management, consolidation and reporting procedure. Experience in EDP will be an advantage.

The position is based at the Centre's headquarters: travel to supervise the Centre's programmes in other parts of Africa will be required. The position will be particularly attractive to candidates showing initiative, leadership and a strong team spirit.

Recognized accounting qualifications, with experience in computerized accounting, are an essential pre-requisite and an MBA or other post graduate degree would be advantageous. A good knowledge of English is mandatory and a knowledge of French advantageous.

The appointment will be on an initial two year contract, annually renewable thereafter. The salary (in US dollars) is at international rates, tax free, together with fringe benefits.

Applications, which will be treated with absolute confidence, should be sent to the Personnel Officer, ILCA, P.O. Box 5689, Addis Ababa, Ethiopia, not later than May 31, 1986.

Offshore Banking
Gibraltar

Hambros Bank (Gibraltar) Limited, a wholly owned subsidiary of Hambros Bank Limited operating in Gibraltar's rapidly expanding offshore financial sector, require an **Assistant Manager** to be responsible for the day-to-day running of the General Banking Department.

The position is likely to appeal to a young banker, keen to broaden his/her experience in an overseas environment. Preferred candidates will have completed their AIB examinations or have sound experience of security documentation and control, probably gained in a Joint Stock Bank or in International Banking.

This is a demanding position requiring a mature, professional approach, it is unlikely to be suitable for anyone below the age of 27. It is anticipated that this initial appointment in Gibraltar will not be for less than a 2 year period.

An excellent salary and a full range of benefits commensurate with service outside the UK will be negotiated with the right person.

Please apply, enclosing a detailed CV to
Mr. A. F. Brignall, Assistant Director – Personnel,
Hambros Bank Limited, 41 Bishopsgate,
London EC2P 2AA.

HAMBROS

Portfolio Manager

European Equity Fund

Merrill Lynch Asset Management—with more than 65 billion dollars (US) under management—is the world leader in mutual funds. We are seeking a Senior Portfolio Manager, experienced in managing international equity portfolios, to take responsibility for Merrill Lynch Europe Trust—a new open-end mutual fund to be offered in the United States.

Credentials should include extensive knowledge of European economies and stock markets and, ideally, analytical experience involving European companies.

Salary, incentive compensation, and comprehensive benefits package are attractive. For entirely confidential briefing, please contact:

Mr. Norman Harvey
Merrill Lynch Asset Management, Inc.,
Box 9011
Princeton, NJ 08543-9011
Telephone (609) 282-2601

Merrill Lynch is an Equal Employment Opportunity Employer.

Merrill Lynch

CATERPILLAR OVERSEAS S.A.

CATERPILLAR OVERSEAS S.A. is the Geneva-based marketing and servicing headquarters for Caterpillar products sold in Europe, Africa and the Middle East.

For our lift truck southern division we are recruiting a

Senior Sales & Service Representative

responsible for developing lift truck business with an appointed dealer group.

We require:

* university education or equivalent experience in business administration or engineering;
* willingness to travel;
* adaptability and ability to deal at all levels.
* Experience in materials handling industry would be an asset.

We offer:

* initial training/orientation in Geneva;
* workplace in southern Europe or Middle East;
* attractive compensation package and social benefits;
* a challenging assignment with responsibilities and good growth potential.

Please forward your application, curriculum vitae and supporting documents, in English to:

CATERPILLAR OVERSEAS S.A.
Employment Section
76, route de Frontenex, 1208 Geneva

Caterpillar, Cat et CB sont des marques de Caterpillar Tractor Co.

PORTFOLIO MANAGER
International Financial Institution

Public multilateral financial organisation seeks an experienced banker/financial officer to head the portfolio management section of its operational headquarters in Washington, D.C. The successful candidate will supervise the investment of the liquid portfolio of the institution in the capital and money markets of 18 convertible currencies. Responsibilities include analysing the market trends and proposing investment strategies, developing contacts with the international banking community, and initiating improvements in the computerised systems for recording and retrieving information related to the institution's investment activities.

The position requires extensive knowledge of international finance, capital, money, and foreign exchange markets, banking operations and management techniques. Candidates must possess a firm understanding of the mathematical concepts involved in portfolio management with a view towards participating in the continual development of analytical computer models. Other requirements include: a minimum of 8 years of experience in finance, of which 5 must be in investments or portfolio management; a master's degree in economics, finance or business; clarity of verbal and written expression in English. Spanish is desirable and other languages a plus.

We offer a competitive salary and an excellent benefits package. Qualified candidates should forward their resumés, indicating salary requirements to:

Box A0125, Financial Times
10 Cannon Street, London EC4P 4BY

French-speaking FINANCIAL TROUBLE-SHOOTER

Our client, an international service company subsidiary with 30 employees and a $3m. turnover, seeks an experienced Financial Controller for a four-month assignment based in the South West of France and the Paris area.

You will supervise the transfer of financial and administration procedures following the relocation of the company.

A recognised Accountancy qualification and previous experience of working in France is essential.

This assignment could lead to a permanent position or a trouble-shooting role in other countries.

In the first instance please send full career details to Mike Fenning, quoting CRS 425, Lockyer, Bradshaw & Wilson Limited, 39/41 Parker Street, London WC2B 5LH.

Please list any companies to whom you do not wish your details forwarded.

LBW
LOCKYER, BRADSHAW & WILSON LIMITED
A member of the Addison Page PLC Group

CHIEF EXECUTIVE
International Development Organisation

Large international development organisation, privately funded from the UK, Australia, Europe, Japan and North America, assisting children, families and communities via programmes conducted in Asia, Africa and Latin America is seeking a candidate to replace the retiring Chief Executive.

Candidates should possess significant multi-national experience and recent senior executive responsibility. Highly developed representational skills at Government and Board level are essential, as well as evidence of strategic planning success in a competitive environment.

A knowledge of international finance, diplomacy and co-ordinating multi-culture operations should be combined with some linguistic ability and sensitivity to Third World issues.

This is a key appointment, intensely challenging and rewarding, head-quartered in an attractive location in north-eastern USA but with a heavy travel commitment world-wide.

Further details are available from the Organisation's consultants to whom interested applicants should send their CV. Envelopes, marked Ref: IDO, to Mandate Consultants, Eagle House, 109 Jermyn Street, London SW1Y 6HB.

A SWISS INTERNATIONAL TRADING COMPANY
is looking for a

SENIOR TRADER

with a thorough experience in international coffee trading or other soft commodities trading.

The applicant will have the opportunity to work more specifically with French-speaking countries, in the midst of a small, active team. The candidate must be dynamic, willing to travel, show initiative in building up his position and be prepared to play an active part in developing our international business.

Candidates over 30, with an excellent command of English and French should send their handwritten application with C.V., copies of certificates and a photograph to the personnel department of

ANDRE & CIE S.A., 7 Ch. Messidor, CH-1002 LAUSANNE

SWISS COMPANY

specialized in Holiday Resorts/real estate development,

is looking for a

Sales Manager

to promote its developments

Experience in real estate "Time Sharing" appreciated.

Exceptional opportunity for an ambitious and serious person.

The candidates should send their detailed offers to:

MAITRE DAGON
12-14 rue du Marché, CH-1204 Geneva

EMPLOYMENT CONDITIONS ABROAD LTD.

An international association of employers providing confidential information to its member companies relating to employment of expatriates and nationals worldwide

Anchor House, 15 Britten Street London SW3 3TL
Tel: 01-351 7151

LAW AND SOCIETY

Punishing people for their intentions

BY A. H. HERMANN, LEGAL CORRESPONDENT

LAST YEAR, the House of Lords held* that Mrs Ryan, who believed the video recorder she had bought was stolen though it was not, did not commit the offence of attempted *handling*. A week ago, the Law Lords reversed their judgment, saying the case had been wrongly decided. In their latest judgment in *Regina v Shivpuri*†, they went so far in the opposite direction that now mere intention appears to be punishable, *even if no* criminal offence is committed, if what was actually attempted succeeded.

The decision is of fundamental *importance for criminal* law and not only when dealing with such obtuse questions as whether an attempt *to kill* someone by black magic is a criminal attempt. If the latest ruling of the *Law Lords* is followed, the man who pays for goods with a cheque which *is then honoured*, but confesses that he was unsure whether there was money in his bank account could be prosecuted for fraud. A *discretionary* investment manager who sells to his client securities which subsequently appreciated will be punishable for breach of his fiduciary duties *if* he reveals that he feared the price of the securities would go down. And in the same way, it will be *possible* to *find* a company director guilty if he expresses regret that shareholders have benefited from his management when he wanted *only to look* after himself.

Last week's decision also throws an interesting light on several weaknesses of the law-making process: the work of the Law Commission, the drafting of statutes, the working methods of the Law Lords, and, last but not least, of the academic support available to the law-makers.

The decision was on an appeal by Mr Shivpuri who, for £1,000, promised to receive a suitcase containing heroin from a courier arriving from India and to distribute the drug. He *was* apprehended while handing over a parcel containing white powder to one of the ultimate addressees. It turned out that the powder was not heroin, but an innocent herbal substance.

Mr Shivpuri was found guilty of attempting to deal in drugs but was granted leave to appeal to the House of Lords. The Court of Appeal certified the following question as being of *general public importance:* "Does a person commit an offence under section 1 of the Criminal Attempts Act 1981 where, if the facts were as that person believed them to be, the full offence would have been committed by him, but where on the true facts the offence which that person set out to commit was in law impossible, eg. because the substance imported and believed to be heroin was not *heroin but* a harmless substance?"

Lord Bridge and Lord Scarman said that if Mr Shipuri were *found* guilty, the decision in *Anderton v Ryan* (1985) must be reversed. Their reading of the 1981 Act led them to conclude that Mr Shivpuri was guilty. Lord Hailsham, the Lord Chancellor, with whom *Lord* Elwyn-Jones and Lord Mackay agreed, thought that Mr Shivpuri could be held guilty of criminal attempt even *without reversing the decision* in *Ryan*, but they agreed with its reversal. Consequently, the lower courts will have a wide choice. They will never know what the majority of the Lords really decided.

I shall try to disentangle this issue but, before doing so, I *must declare a bias. I* was taught, and believe, that the essence of a criminal offence *is intentional* behaviour *giving* rise to an offence in law. The same behaviour would not be an offence if it were not intentional (or reckless or grossly negligent). The intention is not a punishable offence in itself if there is no

Is a man who wants to steal an umbrella guilty of attempted theft if he takes his own umbrella?

prohibited behaviour. That does not exclude the possibility that the evil intention may be something which requires treatment in the confessional or on the psychoanalyst's couch. It has, however, nothing to do with the law. If I am right, intention by itself is not and cannot be a criminal attempt. This requires some behaviour which, if successful, leads to the prohibited results.

Such an approach would easily resolve the puzzles which occupied the Law Lords. Is a man who wants to steal an *umbrella guilty of criminal* attempt if he takes his own umbrella? Is a man who has sex with a young woman in the mistaken belief that she is under age guilty of an offence? Can one be guilty of the offence of receiving stolen goods when the goods were not stolen? Is the would-be thief who puts his hand into an empty pocket guilty of an attempt to steal? Is the man who attempts to evade the *customs by importing* drugs but is tricked into handling innocent white powder guilty of a criminal attempt?

If one accepts that crime is an inseparable amalgam of behaviour and intention, the answer is readily available. You cannot steal your own umbrella you cannot "receive" goods which are not stolen, you do not commit an offence by having sexual intercourse with a *willing adult; but the man* who tried to import prohibited drugs but was tricked by the substitution of a harmless white *powder*, as well as the thief who put his hand into an empty pocket, were both *guilty* because if they had succeeded in what they intended and attempted, they would have committed an offence. In other words, one has to distinguish between someone who tries to do or does something which in fact is no offence, and someone *who tries to do something* which is an offence but does not succeed in doing it.

It is not an offence to try to kill a dead man because the offence *is to take life*. But it is a criminal attempt if someone tries to shoot a live person and fails because his hand shakes or *the bullet in his gun* has been replaced by a blank without his knowledge.

The common law on this subject was confusing. Some *judges failed* to see the distinction between a dishonest act that is not in itself a criminal offence and a *failed* attempt to *perform an act that is itself* criminal. They held that the pickpocket was innocent if the pocket was empty—the empty pocket rule thus came to be known as the "thieves' charter."

The Law Commission was asked to bring some system into this muddle. Unfortunately, it swung to the other extreme, unable to bear the thought that an immoral *intention could* go without punishment. It realised that the emphasis on intention could lead to logical absurdities like a criminal attempt to receive goods which were not stolen but it expressed the hope that such prosecutions would never take place—a typical way of relying on the common sense of practitioners to make good *for the intellectual laziness of* academics. Hence the Ryan case, which arose from such an absurd prosecution.

The 1981 Criminal Attempts Act, which resulted from the Law Commission report, made things even worse. It was drafted so poorly that, in Lord Hailsham's words, it "had formed a tilting yard for a joust of almost unexampled ferocity between two of the most *distinguished professors* of English criminal law in the UK."

This was the platform on *which* the Law Lords worked out their contradictory judgments. Lord Hailsham dealt with the issue in a robust and sound manner, wisely avoiding the obscurities of clause 1(3) of the 1981 Act. However, he did not bring himself to reject the "majority" opinion of Lord Bridge, who was *completely* swayed by the view of Professor Glanville Williams."‡ He should have resisted.

The *bluntness of* Professor Williams's language — which fills me with envy—does not persuade me of his argument. He says that the Law Lords' logic in Ryan was juvenile, and scorns the view that the purchase of the video recorder was a perfectly lawful transaction and, therefore, could not be an attempt in spite of the readiness of Mrs Ryan to buy it, even if it were stolen.

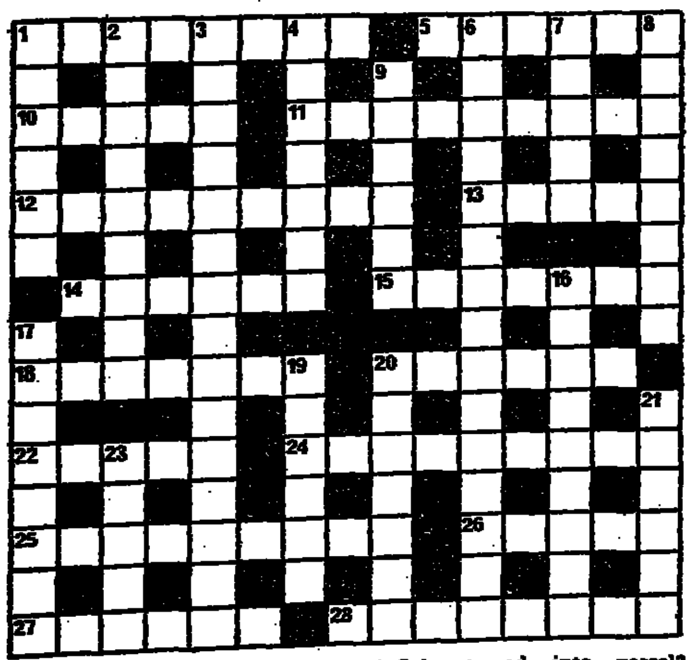
"Suppose, *for example*," writes Prof Williams "that Bluebeard decides that his current wife's time is up; he puts his own rat poison into his own bowl of soup and offers it to her. If she does not take the soup Bluebeard is obviously guilty of attempted murder; yet his act was otherwise lawful. He has done nothing illegal apart from his intention. No question of impossibility *arises*, nor did Bluebeard make a mistake of fact."* It may be lawful to put poison in *one's own soup*, but that is neither here nor there. The criminal attempt *was in* offering the poisoned soup to the wife. The logic of the quoted statement would be likely to jeopardise the career of a first-year law student.

People who live in glass houses should not throw stones. But unfortunately, they do and sometimes hit other people's glass houses. The only hope now is that the Law Lords seem to be willing to retract their errors without waiting for 100 years to pass.

* *Anderton v Ryan [1985] AC 560.*
† *The Times LR May 16 1986.*
‡ *"The Lords and Impossible Attempts, or* Quis Custodiet Ipsos Custodes?" *by Prof. Glanville Williams. Cambridge Law Journal, 45(1) March 1986.*

F.T. CROSSWORD PUZZLE No. 6,028

QUARK



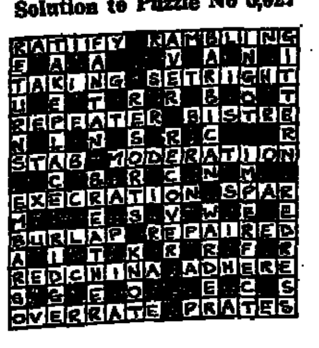
ACROSS

1 Short account number could be acquired at the baker's (5, 3)
5 Abstract, exact but short (6)
10 Stick in a sculptor here (5)
11 Spoil, ruin, egg batch nearly here? Certainly not! (9)
12 Humerus or *humorous*? (5, 4)
13 Poet in two minds? (5)
14 No Wren at sea has such widespread reputation (6)
15 The Northern monetary unit makes for anxiety (7)
18 Did legendary birds come back inside to create a racket (7)
20 Lovable, left in small room (6)
22 Sharp credit in support (5)
24 Passes judgment on literary contribution (9)
25 Firm member round building land—like concrete? (9)
26 Choppy sea in the French charter (5)
27 Darned awkward stroll (6)
28 See light after KO? It produces blasted heat (8)

DOWN

1 Bottle for artist in coffee-house (6)
2 At last, upsets and puts in peril (9)
3 Wealth that's providing feeble pulling power? (5, 3, 3, 4)
4 Coin tossed into vessel? That's fabulous (7)
6 Bird has nice chap showing spirit (5, 10)
7 Hare-brained, losing head, becoming spiteful (5)
8 Emphasised the final courses being raised (8)
9 This inflection is 8 (6)
16 Headgear seen rising in the naval calaboose? (9)
17 Moved forward? (Not so easy) (8)
19 It's to give *off small* drops—its lid is broken (6)
20 Company's angle—getting new production to set (7)
21 *Almost* killed in climbing plant? Unconscious, at least (6)
23 Love without Church (Catholic?) (5)

Solution to Puzzle No 6,027



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Mngmnt Ltd
30 City Road, London EC1Y 2AY 01-628 6626
American Values 67.1 71.8 +1.0 1.12
Econ Tech & Gen Fd 101.3 108.1 +1.3 0.55
European Growth 29.7 31.8 -0.7 0.03
European Income 34.3 36.7 -0.9 4.00
Exempt 535.4 572.9 2.03
Japan Growth Fd 28.6 30.6 -0.6 0.13
International Income 55.7 59.6 4.96
Jap Tech & Gen 89.8 96.3 0.01
Pacific Fund 156.2 167.1 +0.6 0.01
Secure Income Fd 172.1 184.1 4.54
Small Co's Fd 27.0 1.45
Special Sits 210.0 224.7 +0.4 2.18
UK General Fund 33.7 36.1 2.32

Standard Life Trust Mgmt. Ltd
3 George St, Edinburgh EH2 2XZ 0800 393777

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031-226 3271

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Abbey Life—Continued
Pension Funds

Aetna Life Insurance Co Ltd
401 St John St, London EC1V 4QE 01-833 2303

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar 0707 42311

Clerical Medical/Fidelity—Cont.
Executive Investment Pension Plan
Prices on April 23. Unit dealings on Wednesday
Cash Fd 134.7 141.8
Mixed Fd 190.1 200.2
Fixed Int. Fd 154.7 162.9
UK Equity Fd 222.6 234.4
Property Fd 128.3 135.1
Overseas Fd 179.3 188.8
Index Linked Fd 113.8 119.8
Stock Ex. Fd 153.9 162.1
North Am Fd 113.7 119.7
Far East Fd 125.2 131.8
Special Sits Fd 151.4 159.4
Europ. Fd 150.4 158.4
Indiv. prices available on request
For other prices telephone 0272 290566

Clerical Medical Managed Funds Ltd
15 St James's Sq, London SW1Y 4LQ 01-930 5474
Prices on May 7. Unit dealings on Weds

Colonial Mutual Group
24 Ludgate Hill, London EC4P 4BD 01-248 9861

Framlington Life Insurance Ltd
3 London Wall Buildings, EC2M 5NQ 01-628 5181
Pensions Managed Fund 62.0 65.8 +0.2
Pensions Cash Fund 57.5 60.6

Friends' Provident Life Office
Pixham End, Dorking (0306) 885055

GT Management Ltd
8th Floor, 8 Devonshire Sq, EC2 01-283 2575

Imperial Life Ass. Co of Canada

Imperial Life (UK) Ltd

Irish Life Assurance Co Plc

INSURANCES

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

Sentinel Life plc
2 Eyre Street Hill, EC1R 5AE — 01-278 4489

Pension Mngd (Acc)	62.4	62.4		—
Pension Mngd (Cap)	61.8	61.8		—

Sharp (Albert E.) & Co.
12 Newhall Street Birmingham B3 3ER — 021-236 5801

Man-Clerical Mea	105.2	110.8	−0.6	—
Pens. Man-Schroder	423.5	445.7		—

Skandia Life Assurance Co Ltd
Frobisher Hse, Nelson Gte, Southampton — 0703 334411

Skandia Life Funds

Managed Fd.	221.8	222.9	+0.1	—
Equity Fd.	226.0	237.6	+0.7	—
International Fd.	231.2	243.3	−0.6	—
Gilt Plus Fd.	177.0	186.4	−0.1	—
Property Fd.	151.9	159.9		—
Deposit Fd.	154.5	162.6		—
North American Fd.	118.7	124.9	−0.5	—
North European Fd.	191.3	201.3	−1.1	—
Int. Recovery Fd.	146.8	154.5	−0.5	—
Pacific Fd.	151.3	159.2	+0.4	—

Skandia Arbuthnot Funds

Capital Growth	118.2	124.4	+0.8	—
Eastern & Intl	113.9	119.8	−0.2	—
Fin. & Prop Share	[illegible]	[illegible]	[illegible]	[illegible]

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

[illegible]

Baring Fund Managers (Guernsey) Ltd
PO Box 71, St Peter Port, Guernsey — 0481 26541

Baring Currency Fund Ltd

US Dollar	$10.64			—
Sterling	£11.03			
Deutschemark	DM31.10			
Japanese Yen	Y3,160			—

Baring International Group
1901 Edinburgh Tower, Hong Kong — 01-588 6133

Australia	$13.10	14.17		0.10
Hong Kong	$15.78	16.91	+0.19	2.70
Japan Tech	$41.65	44.49		0.76
Japan Fund	$80.65	86.19		0.20
Malay Strg.	$13.37	14.94	−0.10	1.90
Pacific Fd.	$21.515	22.540		1.5
Pacific Intl Fd.	$14.41	15.19	+0.01	—
Bond Fd.	$13.277	13.940		8.61

Barrington Mgmt (CI)—Barrington Fd
Kleinwort Benson Hse, St Helier, Jersey — 0534 78066

Bal Inc May 15	115.0	163.0xd		4.28

Bishopsgate Commodity Ser. Ltd
PO Box 42, Douglas, IoM — 0624 23911

ARMAC* May 6	$95.38	101.41		—
COUNT** May 6	£2.258	5.576		—

Original issue *$10 and **£1. Next value June 2

Brazil Capital Services Ltd
48 St Vincents St, Glasgow G2 5TS — 041-204 1249

The Brazil Fund	$17.03			—
Brazilian Eq. Hldgs.	$6.4			—

Bridge Management Guernsey Ltd(a)(c)(h)
PO Box 311, St Peter Port, Guernsey, CI — 0481 710711

Vickers da C Bond Acc.	1.555	1.529		
Vickers da C Bond Inc	1.371	1.392		11.00
Worldwide Cap.fd Acc	$1.714	1.804		—

Bridge Management Ltd
GPO Box 590, Hong Kong

Nippon May 15	Y5730	5880		57.5
Nippon Fd May 14	$54.34	56.40		0.53

Eurolife Assurance Group
5-11 Mortimer St, London W1N 7RH — 01-631 0778

Sterling Eurobond Fd	118.5			—
Intnl Eurobond Fd		126.6		—
Discretionary Fund		101.8		—

S.G. Europe Obligations SA
9 Avenue de la Liberte, Luxembourg
London Agent FFS, Salisbury House, London Wall EC2M 5TA — Tel 01-929 0776 Telex 887381

Europe Obligations		566.36	+0.13	1.30

Eurotax Investments Ltd
1 Athol Street, Douglas, Isle of Man
UK Agents FFS St Albans — 0727 41122

Eurotax Int Fd	106.76	112.39		—

Fidelity International
9 Bond St, St Helier, Jersey, CI — 0534 71696
Dealers 31201 PO Box 670, Hamilton, Bermuda

[illegible]

Fleming Group
London Agents R F, 25 Copthall Ave, EC2 — 01-638 5858

Fleming Amer. Fund	$18.93	19.81		—
Fleming Japan Fund	Y22.141	23.172		—
Fleming Minerals Fd	$17.86	18.60		—

Hellerup Scandinavian Fund Ltd
Tyndall House, Douglas, IoM — 0624 24111

MIM (Jersey) Limited
PO Box 452, St Helier, Jersey
London Agents: 01-626 3434

[illegible]

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$17.51		−0.05	—

World Wide Growth Management◆
10a Boulevard Royal, Luxembourg

Worldwide Gth Fd	$16.04			—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$15.18			—
Dynamic Gwth Fd	$16.33			—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey — 0481 26268

Zero Bond Fund			−0.16	—

OFFSHORE AND OVERSEAS

[illegible]

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund — 77 London Wall, London EC2N 1DB — 01-588 1815				
Deposit	10.15		—	3-Mth
The Money Market Trust — 63 Qn Victoria St, EC4N 4ST — 01-236 0952				
Call Fund	10.29	7.72	11.35	6-mth
7-day Fnd	10.43	7.60	11.34	6-mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE — 01-236 1425				
Call Fnd	10.08	7.53	10.80	6-Mth
7-day Fund	9.89	7.39	10.61	6-Mth
Dollar	5.81	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq, Edinburgh EH2 4DF — 031-225 8484				
Full Service Chq Acc.	10.00	7.20	10.42	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY — 01-638 6070				
Treasury Acc.	9.75	7.29	10.56	Qtr
Mtn. Int Chq.	9.75	7.29	10.63	Mth
Allied Arab Bank Ltd — 97-101 Cannon St, London, EC4N 5AD — 01-283 9111				
HICA	10.5	7.85	11.46	Mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. — 01-628 8060				

[illegible]

	Gross	Net	Gr Equiv CAR	Int Cr
Tyndall & Co — 29-33 Princess Victoria St, Bristol — 0272 732241				
Demand Acc.	10.09	7.54	10.93	Qtr
Money Acc.	10.03	7.50	10.86	Qtr
J. Henry Schroder Wagg & Co Ltd — Enterprise House, Portsmouth — 0705 827733				
Special Acc.	9.75	7.29	10.61	Mth
Over £10,000	10.00	7.48	10.90	Mth
Western Trust & Savings Limited — The Moneycentre, Plymouth PL1 5SE — 0752 24141				
High Int Chq Acc.	10.38	7.76	11.24	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	$2\frac{1}{2}$
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	30
ICI	50	Charterhall	3
'Imps'	28	Premier	$3\frac{1}{2}$
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Chicago cashes in on USDA rice plan

By David Owen in Chicago

THE Chicago Rice and Cotton Exchange intends to take advantage of the US Department of Agriculture's plan to reduce American crop prices to world market levels by launching a revamped rice futures contract.

It is proposed that the amended contract, which received Commodity Futures Trading Commission approval last September, will begin trading on or before July 7 on the floor of the Chicago Board of Trade.

The CBOT recently took over the MidAmerica Commodity Exchange, which had acquired the CRCE in December 1985.

Only US number two Long Grain Rice (or better) will be deliverable against the contract, and the trading unit will be 2,000 cwts. In addition, deliverable material must have a milling yield of at least 65 per cent, including not less than 48 per cent head rice. First delivery months will be the September harvest period.

Rice futures trading has had something of a chequered career in recent years. Originally situated in New Orleans, the old contract stopped trading in the first half of 1983, before switching to Chicago and reopening in September of the same year.

Exchange officials now cite three reasons why they think the modified contract will enjoy more success. For one thing liquidity should be considerably improved by allowing access by members of the larger CBOT and MidAmerica exchanges. They also feel the decision to restrict delivery to 12 mill sites in north eastern Arkansas — the state which accounts for 50 per cent of US rice production — will prove beneficial.

Transport costs

"The old contract was a very poor hedge because of variable transport costs," says Mr Bill Barclay, CBOT marketing manager, agriculture and metals complexes.

However, it is the shift in federal policy which officials expect to provide the most significant stimulus.

Until recently, the US floor price for rice has been effectively insulated from prevailing world levels by a combination of subsidies and loan guarantees. But domestic producers are now to be encouraged to match world prices in a bid to regain lost export markets and to destock.

Before, farmers would simply turn rice over to the government when the world price was below the old $8 per cwt loan rate. But the 1985 Food Security Act permits producers ato repay 1985 crop loans at a USDA determined "world price" while a floor price of 50 per cent of the new $7.20 per cwt loan rate will effectively be set for the domestic market for 1986 and 1987 crops; should the world price fall below the $3.60 level, commodity certificates will be issued to refund the difference.

From the contract architect's viewpoint the change has transformed rice from what was virtually a fixed-price crop domestically to the next best thing to a freely traded commodity. While they admit the discontinuous pricing system may be a problem at first (the "world price" is calculated weekly) it is hoped the fledgling contract may gradually take over from the USDA quotation as the market setter.

From other viewpoints the US export drive is a disaster. At a stroke, its selling rate for medium-quality long grain rice has been scythed from $8 per cwt to $4.12 the first USDA calculated world price.

Bitter complaint

While the US produces less than 2 per cent of the total world rice crop, the bulk of its output — unlike that of most other producers — is exported. This gives it a share of 16 per cent of world trade. Thailand, which now has a 37 per cent share, stands to lose most from renewed US competitiveness and has been complaining bitterly.

Recently, rice has become Thailand's biggest agricultural foreign exchange earner, accounting for 23 per cent of farm exports in 1985. Some estimates suggest over half the population is involved in rice production.

Prices had been dropping even with the US effectively out of the market, under pressure from increased production. World output rose around 30 per cent to just over 450m tonnes between 1970 and 1983, with several traditional importers attaining self-sufficiency. Indonesia, the world's biggest importer of milled rice in 1979, was a net exporter by 1984.

With fundementals so bearish, the US export drive is expected to lend more fuel to the price spiral—to the chagrin of its Third World competitors. And its implications extend far beyond the rice market. As one Chicago based trader predicted "the same thing is going to happen to all farm commodities here."

LME attacks Government

BY ANDREW GOWERS

MR JACQUES LION, chairman of the London Metal Exchange, yesterday aimed a broadside at the British Government over what he called its "draconian" regulatory demands.

His remarks, delivered at a press briefing, came amid signs of worsening relations between the exchange, the world's leading metal market, and the Securities and Investments Board, the City regulatory body being set up under UK financial services legislation.

There is also increasing concern among users of the LME about the changes in its structure being proposed, including the adoption of a central clearing house for trades and alterations in its daily trading system.

As a result, Mr Lion said the deadline of the beginning of next year for introducing the changes is in doubt.

Mr Lion, recalling the LME's response to last year's default by the International Tin Council, said the exchange had "demonstrated to the world at large and in particular to the 22 sovereign governments comprising the Tin Council what the sanctity of contract means."

Mr Jacques Lion: "draconian"

However, he went on "You may find it somewhat ironic that in those circumstances Her Majesty's Government finds it necessary to introduce somewhat draconian measures to protect private investors from the machinations of our members. Who, I wonder, is to protect the markets of the City of London from the depredations of governments?

"So at a time when we should be receiving every possible assistance to rebuild and restore confidence in our market as a result of the tin crisis we are now having to protect our market from the demands of government that we should abandon our principal's contract, which has served industry well for over a century, for a clearing-house market which the trade has emphatically stated that it does not wish to see."

Negotiations between the LME and the SIB are bogged down over the question of the exchange's trading and pricing system, with the board insisting that the exchange should adopt a more "transparent" method of publishing prices throughout the trading day and the exchange adamant that it does not wish to change.

"It works as it is," said Mr Michael Brown, LME chief executive, yesterday.

At present, LME trading is conducted by telephone for most of the day, with two official trading ring sessions.

The board is also reported to be asking the exchange to go over to an American-style system of time-stamping each transaction to help prevent trading abuses—an idea which fills most LME members with horror. They fear that these requirements, while increasing investor protection, will drive away the trade interests which form the majority of LME users.

The international copper industry has already warned the exchange against allowing the structural changes now proposed to result in excessive cost increases.

Angry users of the exchange have now forced its authorities to call a special meeting on Friday of next week to discuss the changes. Mr Brown insists that its decision to accept the clearing-house is irreversible, but he expects considerable flak from the trade.

Hitch delays copper contract relaunch

BY DAVID OWEN IN CHICAGO

THE CHICAGO-BASED MidAmerica Commodity Exchange has run into trouble over the launch of its revamped copper contract.

In spite of securing Commodity Futures Trading Commission approval for its proposed specification changes last week, exchange officials have decided not to proceed with the planned May 20 relaunch because of a "technical contract detail." Outside sources speculate this hitch may relate to warehousing procedures.

Competitors, however, suggest the delay may be more market-related. The MidAm, they say, is getting cold feet about launching into a quiet copper market. Some even believe the launch may be delayed until the year end. While a new start-up date has yet to be designated, exchange officials refute such claims. "The consideration has absolutely nothing to do with the current market place," said one.

The delay has certainly prompted some activity at the MidAm's New York based rival Commodity Exchange Incorporated. Copper traders there were all prepared for trading hours to be extended to encompass an 8.50 am start (from 9.50 am at present), to coincide with the proposed 7.50 am (Chicago time) MidAm opening. These plans have now been put on ice pending the announcement of a new launch date. "We're making no bones about it," said one Comex spokesman. "The reason we were contemplating an extension is entirely tied up with the Chicago contract."

German farm aid plan under fire

BY TIM DICKSON IN BRUSSELS

CONTROVERSIAL proposals by the West German government to provide extra financial support for its farmers could run into fierce opposition at next week's meeting of EEC farm ministers.

Britain, in particular, is highly suspicious of the plan which was formally endorsed by the European Commission yesterday and which involves increasing the size of Germany's so called "less favoured areas" (LFAs) from 33 per cent to 51 per cent of the country's total farmland.

A Commission official insisted last night that Germany is "playing by the rules," but the proposals are bound to be closely scrutinised by other member states at Monday's meeting. Some observers feel they may represent a backdoor "re-nationalisatoin" of the Common Agricultural Policy.

The Germans have been anxious for some months to increase national support to their farmers, a requirement which became more acute after last month's annual farm price fixing in Luxembourg. There, they were forced to accept several price cuts as part of the package.

The Commission which agreed to support the proposal as part of the price fixing deal pointed out yesterday that the original definition of LFAs drawn up in 1975 was couched in general terms and that the Germans are simply adopting a more flexible intepretation of the guidelines. In particular, they plan to use less rigid yardsticks of farmers' prosperity and population density in the areas involved.

M3

Under the LFA system, member states generally pay 75 per cent of the aids with the balance picked up by the Commission. The German proposal, which will increase the area receiving special treatment from 4m hectares to more than 6m hectares, is likely to impose an additional cost of Ecu 12m (£7.7m) per year or Ecu 34.5m for the period up to 1989.

Britain has not yet formally decided its position, but Mr Michael Jopling, the Agriculture Minister, is likely to seek a more detailed justification for the change.

Israeli diamonds on course for record

BY ANDREW WHITLEY IN TEL AVIV

EXPORTS of cut diamonds from Israel rose in value by 35 per cent in the first four months of 1986, setting the country firmly on course for a record $1.5bn in sales for the full year.

Between January and April exports reached $523m compared with $388m in the same period last year, with most of the increase coming in sales to the Far East.

"The reason is simple: they're now cheaper," said Mr Moshe Schnitzer, president of the Israel Diamond Exchange, who ascribed the price drop to cost-cutting resulting from greater competition in the fast-growing Israeli diamond trade.

Over the pst year, he said, hundreds of young people had entered the trade, using their own capital — and thus not dependent on expensive bank loans — and with low overheads.

Israel lists 165 diamond exporters with annual sales of over $1.5m and a further 13 with sales of between US$500,000 and $1.5m.

The US remains by far the largest market for Israeli diamonds. It bought goods valued at $307m in the four months to April, a rise of 17 per cent. But growth in this market was the slowest of all destinations.

Sales to the Far East have meanwhile soared, helped, no doubt, by the sharp decline in the US dollar against other main currencies, and in particular the Japanese yen.

In April, exports to Japan nearly doubled, from $11.6m to $22m, compared with April 1985. Low stocks of diamonds in Japan are also believed to have contributed to the surge in purchases.

Sales growth to Hong Kong, which serves as a distribution centre for other countries in Southeast Asia, was almost as impressive: up from $11m to $18.6m in April. According to Mr Schnitzer, Hong Kong currently imports 60 per cent of its cut diamond needs from Israel.

While Israeli cutters cover the whole range of rough diamonds, Mr Schnitzer points out that Israel has now replaced Belgium as the leading producer of medium and large-sized stones. In dealing with Israel, Japanese buyers favour better quality stones known as "fantasies" in sizes of up to three karats. In contrast, the trade to the US has concentrated on the cheaper end of the business, of up to 1.5 karats.

Diamond sales from Israel in 1985 reached $1.2bn, making it by far the country's leading export item. The previous annual record, however, was nearer $1.4bn.

Timber group talks still deadlocked

BY WILLIAM DULLFORCE IN GENEVA

TROPICAL timber producing and consuming countries, ignoring an urgent appeal from the World Wildlife Fund, failed yesterday to break the 11-month deadlock over the location of a headquarters and the appointment of an executive director for the International Tropical Timber Organisation.

The WWF had sent messages to 70 governments on Tuesday urging them not to let political differences stand in the way of the latest United Nations commodity agreement, which aims at ensuring cooperation between producers and consumers in the $7bn-a-year tropical timber trade.

In the six months since the last meeting of the countries which have ratified the International Tropical Timber Agreement about 66,000 sq kms of tropical rain forests — an area larger than Switzerland — had been destroyed, the WWF said.

The ITTA took eight years to negotiate. Agreed in 1983, it came into force after enough ratifications had been secured in April 1985. Participating countries have since been unable to decide on the headquarters and executive director for the organisation in 13 secret votes on the location and six on the director.

Three cities, Amsterdam, Jakarta and Yokohama, are contending for the headquarters and there are three candidates for the director's job, Mr André Anguilé of Gabon, Mr Jean Clement of France and Mr Haji Freezailah bin Che Yeon of Malaysia.

In principle it is accepted that, if a consuming country provides the headquarters, the director should come from a producer, or vice versa. In practice rivalries among regional blocs have prevented compromise.

Yokohama — Japan is the biggest consumer — has been favourite to win the headquarters in recent weeks, but the African producers have refused to accept that the director could also be Asian. Candidates for the location and the director's job must obtain more than half the votes of both consumers and producers.

Mr Hans-Olle Olsson, the president of the ITTA council, yesterday proposed at an informal meeting a system of balloting which would have eventually eliminated all but one of the nine possible combinations.

Council members will hold another informal session after consulting governments on July 9 to determine whether any solution is in sight and whether the formal council meeting scheduled to start on July 28 should go ahead.

Less ambitious than earlier commodity agreements worked out under the UN Conference on Trade and Development, the ITTA was seen as showing a more realistic approach to co-operation between Third World producers and industrialised consuming countries.

Eschewing price stabilisation mechanisms such as buffer stocks or export quotas, it focussed on promoting research and development, providing aid to producers to replant and manage forests and on ways of improving timber processing.

LONDON MARKETS

GASOIL FUTURES dropped yesterday on London's International Petroleum Exchange, with the July contract closing down $1.625 per tonne at $134.625. Traders said a sharp fall on the New York energy futures market pushed prices down to the day's low. Many participants are waiting for a signal that the recent rally has come to an end amid an essentially bearish fundamental picture in Europe. On the robusta coffe futures market, prices were up £31 a tonne on the day in the July position to close at £1,992.50, boosted by an official Brazilian denial overnight that it would change its export prices. A statement yesterday by Mr Paulo Graciano, president of the Brazilian Coffee Institute, that Brazil was closing May green coffee export registrations and cancelling roasters' buying contracts came too late to influence values in London, though they helped bolster prices in New York.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	767-8	—9.5	762
3 months	756.5-7	—4.75	758/751

Official closing (am): Cash 761.5-2.5 (764-6), three months 751.5-2 (772-3), settlement 762.5 (766). Final Kerb close: 753-5. Turnover: 23,325 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/low
Cash	926-7	—	925/924
3 months*	938-8.5	—.25	941/936

Official closing (am): Cash 923.5-4 (919.5-20.5), three months 935.5-6.5 (933.5-4.5), settlement 924 (920.5). Final Kerb close: 940.5-1.

Cathodes			
Cash	906-8	—2	908
3 months*	922-4	—2	—

Official closing (am): Cash 906-7 (902-4), three months 920-2 (918-20), settlement 907 (904). Turnover: 25,525 tonnes. U.S. Producer prices: 65-71 cents a pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	244.25-4.5	—1.37	244
3 months	250-50.25	—2.87	251.5-247.25

Official closing (am): Cash 244-4.5 (242.5-4.5), three months 249-9.5 246.5-7), settlement 244.5 (244.5). Final Kerb close: 254-5. Turnover: 5,675 tonnes. US Spot: 19-20 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2660-70	—5	2660/2625
3 months	2720-5	—5	2730/2710

Official closing (am): Cash 2,650-5 (2,655-7), three months 2,715-20 (2,711-2), settlement 2,655 (2,657). Final Kerb close: 2,720-35. Turnover: 774 tonnes.

TIN

KUALA LUMPUR TIN MARKET—Close: 13.99 (13.99) ringgit per kg.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	463-4	+5	—
3 months	474-5	+5.75	475/468

Official closing (am): Cash 459-9.5 (453-4), three months 470-1 (465-6), settlement 459.5 (454). Final Kerb close: 471-1.5. Turnover: 8,300 tonnes. US Prime Western: 33.50-35.75 cents a pound.

GOLD

Gold gained $¾ to $339¼-339¾ on the London bullion market yesterday. It opened at $338¾-339¼, and was fixed at £338.80 in the morning and $338.90 in the afternoon. The metal touched a low of $338¾-339¼, and closed at the day's peak, in a technical reaction to earlier weakness this week caused by selling out of New York.

GOLD BULLION (fine ounce) May 20

Close	$339¼-339¾	(£223½-224)
Opening	$338¾-339¼	(£223¼-223¾)
M'n'g fix	$338.80	(£223.498)
Aft'n'n fix	$338.90	(£223.401)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$339¾-340¼	(£223¾-224¼)
½ Krug.	$178¼-179¾	(£117¾-118½)
¼ Krug.	$90¼-91¾	(£59¾-60½)
1/10 Krug.	$36¾-37½	(£24¼-24¾)
Mapleleaf	$349½-350	(£230½-230½)
Angel	$348¾-350¾	(£229¾-231)
1/10 Angel	$34-35	(£22½-23¼)
New Sov.	$80¾-81¼	(£53¼-53½)
Old Sov.	$86½-88	(£57-58)
$20 Eagle	$425-465	(£280-306½)
Noble Plat	$416¾-420½	(£274-277)

SILVER

Silver was fixed 7.1p an ounce higher in the London bullion market yesterday at 324.8p. US cent equivalents of the fixing levels were: Spot 492.1c, up 6.8c; three-month 500.45c, up 6.9c; six-month 509.25c, up 6.95c; and 12-month 527.8c, up 7.25c. The metal opened at 323-324½p (490-492c) and closed at 325½-327p (494-496c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	324.80p	+7.10	323.85p	+4.85
3 months	332.90p	+7.80	332.5p	+5
6 months	340.75p	+7.45	—	—
12 months	356.40p	+7.75	—	—

LME—Turnover: 5 (2) lots of 10,000 ounces.

Three months high 333p, low 332p, final kerb 332-3p.

RUBBER

PHYSICALS — The London market opened sharply higher, met resistance at the higher levels and closed uncertain, reports Lewis and Peat. Closing prices (buyers): Spot 58.00p (57.50p); June 55.75p (55.25p); July 55.50p (55.00p). The Kuala Lumpur fob price (Malaysian cents per kg): RSS No. 1 was 201.00 (199.5) and SMR 20 186.0 (185.0).

FUTURES—Index 549. June 555-580, July-Sept 550-562, Oct-Dec 567-569, Jan-March 568-571, April-June 584-587, July-Sept 668-681. Sales: 118.

INDICES

REUTERS

May 21	May 20	M'th ago	Year ago
1754.0	1751.2	1792.2	1896.5

(Base: September 18 1931=100)

DOW JONES

Dow Jones	May 20	May 19	Month ago	Year ago
Spot	126.40	127.30	—	118.59
Fut.	118.47	119.07	—	121.67

(Base: December 31 1931=100)

MAIN PRICE CHANGES

MAIN PRICES CHANGES—P40 — in tonnes unless otherwise stated.

	May 21 1986	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1270/1290	—12	$1525/1545
Copper			
Cash h Grade	£926.5		£961.52
3 mths	£938.25	—0.25	£965.25
Gold Troy oz	$339.5	+0.25	$346.25
Lead Cash	£244.37	+1.37	£242.5
3 mths	£250.12	+2.87	£252.5
Nickel			
Free Mkt	165/205c	—1	173/185c
Palladium oz	$107.25	—0.25	$109.50
Platinum oz	$404.00		$434.00
Quicksilver†	$220-230		$220-232
Silver troy oz	324.80p	+7.10	335.35p
3 months	332.90p	+7.80	343.30p
Tin			
free mkt	£3540-569	+50	£3769/80
Tungsten	$59.13		$62.07
Wolfram 22.0lb	$45/55		$45/55
Zinc	£463.5	+5	£438.25
3 months	£474.5	+5.75	£439.75
producers	$700-750		$650/700
OILS			
Coconut (Phil)	$237.5x		$280
Palm Malayan	$242.5z	—2.5	$245
Copra Phil	$145x		$170
Soyabean (U.S.)	$160x	+1	$161
GRAINS			
Barley Fut.Sept.	£97.90	—0.10	£99.90
Maize	£139.00	+1	£143.75
Wheat Fut July	£114.55	—0.10	£119.30
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1301	+7.5	£1413.5
Coffee Ft. July	£1992.5	+31	£2513.5
Cotton A Ind.*	44.95c	—0.2	47.65c
Gas Oil July	$134.75	—1.75	$129
Rubber (kilo)	58p	+0.5	57p
Sugar (raw)	$171u	—6	$200
Wooltops 64s	425p kilo		422p kilo

‡ Unquoted. † Per 75-lb flask. c Cents per pound. w June. x May-June. z July. u June-July. * Cotton Outlook.

COCOA

Futures opened £20 higher as due and remained well supported for much of the day. Trade liquidation at the close pared gains and prices finished near the day's lows. Actuals were quiet with no origin participation and only light industry offtake, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
May	1295-1299	+16.0	1300-1290
July	1300-1302	+7.5	1316-1296
Sept.	1321-1322	+6.0	1333-1320
Dec.	1363-1364	+3.0	1372-1360
March	1388-1393	—1.0	1400-1390
May	1406-1412	—1.0	1418-1408
July	1426-1430	+3.5	1433-1425

Sales: 3,964 (3,083) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for May 21: 86.40 (86.08); five-day average for May 22: 86.31 (86.12).

COFFEE

The market continued to trade nervously, lacking any fresh fundamental or technical news but waiting for Brazil to possibly announce policy changes. The market opened, as due, £25 lower against a weak New York close. Mixed buying in light volume rallied levels, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
May	1925-1935	+17.5	1978-1880
July	1990-1995	+31.0	2022-1935
Sept	2025-2028	+28.5	2053-1968
Nov	2066-2070	+20.5	2095-2058
Jan	2080-2088	+5.5	2120-2065
Mar.	2120-2125	+15.0	2140-2088
May	2120-2165	+20.0	—

Sales: 5,046 (5,655) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for May 20: Comp daily 1979 168.51 (171.87); 15-day average 182.88 (184.89).

SOYABEAN MEAL

Commercial buying of the nearbys and selling of the forwards against professional liquidating kept prices mixed, reports Muirpace.

	Latest close £ per tonne	+ or —	Business Done
June	127.5-127.8	+0.35	127.5—127.8
August	124.8-125.0	+0.40	—
October	124.5-125.8	+0.25	125.0—124.5
Dec.	125.5-128.5	—0.30	126.5
Feb.	128.0-129.0	—0.70	—
Apr.	128.0-130.0	—0.85	—
June	129.0-138.0	—0.40	—

Sales: 382 (148) lots of 20 tonnes.

GRAINS

LONDON GRAINS—Wheat: US Dark Northern Sprin No. 1, 15 per cent: June 119.50, July 115.50, Aug 103.75, transhipment East Coast. US No. 2 Soft RedWinter: July 92.75, Aug 93.50. EEC: May 130.00. English feed, fob: May 117.50-118.50, June 118.50-119.50, Sept 101.00-101.25, Oct 103.00-104.00, Oct/Dec 105.50-106.00. Jan/March 110.50-111.00 buyer/seller. Maize: US No. 3 Yellow/French transhipment East Coast: May 139.00. Barley: English feed, fob: May 120.50, July/Aug 99.50, Aug 100.00, Oct/Dec 106.00, Jan/March 111.00 sellers.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
May	116.00	—	115.35	+0.35
July	114.55	—0.10	—	—
Sept	99.50	—	97.90	—0.10
Nov	102.05	—0.05	101.15	+0.05
Jan	105.85	—0.05	104.20	—0.15
Mar	108.00	—	107.05	—

Business done—Wheat: May 116.00, July 114.65-4.45, Sept 99.50-9.40, Nov 102.15-2.00, Jan 105.30-5.20, March 108.05-7.90. Sales: 474 lots of 100 tonnes. Barley: May untraded, Sept 97.90, Nov 101.15-1.00, Jan 104.20, March 107.05-7.00. Sales: 63 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed Barley: Eastern 113.20, E. Midlands 114.40. The UK monetary coefficients for the week beginning Monday May 26 will be unchanged.

MEAT

Pigmeat sales: 4 (25) lots of 50 carcases, 3,250 kg.

Beef sales: Nil (nil) lots of 20 sides.

Month	PIGMEAT Y'days close	+ or —	BEEF Y'days close	+ or —
May	—	—	—	—
June	104.10	+0.80	194.50	—
July	102.70	+0.80	191.00	—
Aug.	102.00	—	186.00	—1.60
Sep.	107.90	+0.30	186.00	—0.80

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 102.29p per kg lw (+0.96). GB—Sheep 239.74p per kg est dcw (—30.36). GB—Pigs 78.80p per kg lw (—0.25). GB—AAPP 98.75p per kg dw (+0.36).

POTATOES

Following a firmer opening after heavy overnight rains, keen buying interest pushed April around £10 higher. Profit-taking initiated a reversal through £130 and this rapidly attracted further sellers, causing a slump to £124, although the price firmed slightly on the close, reports Coley and Harper.

Month	Yesterdays close £ per tonne	Previous close	Business done
Nov	90.00	91.50	95.00-90.50
Feb	99.50	99.50	102.00
Apr	125.50	125.90	134.50-124.00
May	136.50	137.00	142.00
Nov	87.50	87.50	—

Sales: 1,966 (1,276) lots of 40 tonnes.

Earlies—July 105.00, —3.50, 105.00 Sales: 1 lot of 10 tonnes.

FREIGHT FUTURES

The dry cargo market was quiet against an unchanged physical background. Tanker futures moved sharply lower although there was no news to report. Losses were attributed to a technical correction, reports Clarkson Wolff.

Dry Cargo	Close	High/Low	Prev.
July	646/647	650/642	642/643
Oct.	734/736	738/730	730/731
Jan.	761/765	763	760/756
April	795/805	—	796/799
July	705/750	—	700/725
Oct.	765/820	—	785/830
Jan.	800/850	—	800/825.5
Apr.	850/875	—	900
BFI.	666.0	—	664.5

Turnover: 158 (263).

Tankers	Close	High/Low	Prev.
May	1090/1105	1125	1140/1170
June	1000/1050	1025/991	1048/1050
July	1000/1050	—	1058/1060
Sep	1025/1100	—	1050/1100
Dec	1050/1125	—	1060/1100
Mar	1040/1095	—	1175
BTI	1200.5	—	1156.5

Turnover: 35 (74).

SUGAR

LONDON DAILY PRICE—Raw sugar $171.00 (£113.00), down $6.00 (down £2.50) a tonne for June/July delivery. White sugar $191.50, down $6.00.

Buying tenders from India, Syria, Sri Lanka, Iraq and Peru arrested the recent declane, reports C. Czarnikow.

No. 6 Contract	Yesterday close $ per tonne F.O.B.	Previous close	Business done
Aug	162.8-163.0	169.4-169.6	168.0-160.0
Oct	169.8-169.9	168.0-168.4	172.8-167.0
Dec	172.8-172.5	168.0-176.0	—
Mar	178.0-178.2	174.2-174.4	180.4-177.0
May	181.5-181.8	177.4-178.0	—
Aug	184.0-185.0	182.0-185.0	—
Oct	188.0-190.0	186.0-188.0	—

Sales: 2,221 (6,933) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £217.50 (£222.00) a ton enfor export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for May 20: Daily price 6.82 (7.20); 15-day average 8.06 (8.18).

No. 6 cif contract—Aug 180.8-2.0; Oct 185.8-7.0. Sales: 1 lot of 50 tonnes.

OIL

In the 15-day Brent market little interest was seen in June with both buyers and sellers holding back as quotations fell steadily during the day. Nymex WTI opened 29c up for July but lost 46c over the morning to finish at $15.05 by 1 pm EDT. In the petroleum products market gasoline remained stable but good availability caused other products to fall—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	—	—
Arab Heavy	—	—
Dubai	11.39-12.00	—0.46
Brent Blend	14.45-14.55	—0.975
W.T.I. (1pm est)	15.70-16.00	—1.15
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	200-204	—
Gas Oil	134-136	—2
Heavy fuel oil	48-50	—2
Naphtha	142-144	—3

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yestrday's Close $ US per tonne	+ or —	Business Done
June	136.50	—1.00	138.75-34.25
July	134.75	—1.75	147.48-34.00
Aug	136.00	—1.50	137.50-34.50
Sep	137.00	—2.00	138.50-36.00
Oct	138.25	—1.75	139.50-37.00
Nov	139.50	—1.50	141.25-39.50
Dec	140.75	—0.25	—

Turnover: 2,424 (1,288) lots of 100 tonnes.

US MARKETS

COFFEE STAGED an impressive rally, with the leading July position closing over 9 cents up to recoup some of the heavy losses incurred since the beginning of the week, report Heinold Commodities. Initial light short-covering operations by commission houses committed to the short side ofthe market seemed to confirm support at 200c, but it was the first significant fundamental news of the week — that the IBC was to terminate further export registrations for May and cancel existing roaster contracts for Arabica — which provided the push upwards. A general feeling that the imminent Brazilian estimate for the 1986-87 crop would tend to lower figures also encouraged a more bullish outlook fort he immediate future. Crude oil suffered another setback. The poor performance of spot Brent in London inspired further long liquidation, in spite of the API stock figures which suggest a low level of crude stocks. Sugar, pressured by bearishly interpreted technicals, staged a modest initial rally on commission house short-covering.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
May	53.75	—	—	53.60
June	53.75	—	—	53.40
July	53.80	53.80	53.35	53.65
Sept	53.95	53.80	53.50	53.70
Dec	54.10	—	—	53.95
Jan	54.75	—	—	54.00
March	54.20	—	—	54.05
May	54.30	—	—	54.15
July	54.35	—	—	54.20
Sept	54.40	—	—	54.25

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	1773	1783	1762	1769
Sept	1832	1836	1824	1847
Dec	1886	1891	1875	1900
March	1931	1937	1923	1946
May	1960	1960	1960	1976
July	1988	—	—	2004
Sept	2005	2005	1990	2020

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
July	214.53	215.40	209.10	205.16
Sept	218.21	219.25	213.80	216.43
Dec	222.38	222.50	217.50	221.05
March	224.50	224.50	221.00	222.35
May	227.50	—	—	204.05
July	230.50	230.50	230.50	226.45
Sept.	231.75	—	—	230.84
Dec	222.38	322.50	217.50	221.05

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
May	62.10	62.05	61.80	61.80
June	62.30	—	—	62.00
July	62.60	62.65	62.20	62.25
Sept	63.00	63.00	62.60	62.65
Dec	63.40	63.45	63.15	63.10
Jan	63.55	—	—	63.25
March	63.85	63.80	63.65	63.55
May	64.15	—	—	63.85
July	64.45	64.25	64.25	64.15
Sept	64.75	—	—	64.45

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
July	14.92	15.30	14.82	15.57
Aug	14.45	14.38	14.35	15.03
Sept	14.15	15.02	14.05	14.73
Oct	14.05	14.80	13.95	17.60
Nov	13.90	14.50	13.90	14.15
Dec	13.85	14.45	13.70	14.29
Jan	13.80	14.00	13.70	14.07
Feb	13.85	14.10	13.90	13.95
March	13.50	13.90	13.50	13.87
April	13.70	13.70	13.70	13.79

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
May	339.4	339.3	339.2	339.0
June	339.8	340.0	338.5	339.8
July	341.4	—	—	340.8
Aug	343.1	343.3	342.3	343.0
Oct	346.4	346.7	345.5	346.3
Dec	349.9	350.0	349.0	349.8
Feb	353.6	353.8	352.7	353.5
April	357.2	357.0	357.0	357.1
June	360.9	360.3	360.3	360.8
Aug	365.0	364.7	364.7	364.9
Oct	369.0	367.5	367.5	368.9
Dec	373.3	372.3	372.3	373.2
Feb	377.8	379.0	375.7	377.7

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
May	38.75	40.50	38.75	38.45
June	43.05	44.30	42.60	43.57
July	42.05	46.30	41.60	43.14
August	42.20	43.60	41.70	43.30
Sept	42.85	44.35	42.50	43.80
Oct	43.60	44.80	43.15	44.35
Nov	44.30	44.90	43.75	44.70
Dec	44.05	45.60	43.50	45.05
Jan	44.50	45.65	44.20	45.20
Feb	44.06	44.00	44.00	44.75

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
July	36.75	37.30	36.00	37.43
Oct	36.25	36.50	34.35	36.65
Dec	36.25	36.50	36.20	36.78
March	37.45	37.50	37.32	37.72
May	38.02	38.50	38.30	38.45
July	39.80	40.10	40.00	39.80

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	100.70	100.70	99.00	99.00
Sept	99.50	98.20	98.25	98.35
Nov	99.50	98.50	98.75	98.40
Jan	100.10	99.90	99.00	98.90
March	100.80	100.50	99.80	99.80
July	101.50	—	—	100.50
Sept	101.50	—	—	100.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
May	403.2	402.6	402.0	403.2
June	404.0	—	—	402.0
July	405.4	407.0	405.0	404.7
Oct	407.3	409.5	408.0	406.0
Jan	410.0	411.0	[illegible]	[illegible]
April	412.4	412.5	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
May	493.8	494.5	[illegible]	[illegible]
June	494.6	[illegible]	[illegible]	[illegible]
July	497.5	[illegible]	[illegible]	[illegible]
Sept	503.8	[illegible]	[illegible]	[illegible]
Dec	513.1	515.0	[illegible]	[illegible]
Jan	516.2	[illegible]	[illegible]	[illegible]
March	522.3	[illegible]	[illegible]	[illegible]
May	528.8	530.0	[illegible]	[illegible]
July	535.4	534.5	[illegible]	[illegible]
Sept	542.3	[illegible]	[illegible]	542.3

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
July	7.72	7.41	7.02	7.02
Sept	7.24	7.48	[illegible]	[illegible]
Oct	7.47	7.70	7.40	7.40
Jan	7.62	7.85	[illegible]	[illegible]
March	7.94	8.00	7.82	7.98
July	8.20	8.40	[illegible]	[illegible]
Sept	8.40	—	—	[illegible]
Oct	8.44	8.50	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	54.52	[illegible]	[illegible]	[illegible]
Aug	50.52	[illegible]	[illegible]	[illegible]
Oct	50.27	[illegible]	[illegible]	[illegible]
Dec	52.35	[illegible]	[illegible]	[illegible]
Feb	52.82	[illegible]	[illegible]	[illegible]
April	53.82	[illegible]	[illegible]	[illegible]
June	54.70	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	47.85	[illegible]	[illegible]	[illegible]
July	46.50	47.35	[illegible]	47.47
Aug	44.27	[illegible]	[illegible]	[illegible]
Oct	40.37	41.35	[illegible]	41.10
Dec	41.00	[illegible]	[illegible]	[illegible]
Feb	41.40	42.35	[illegible]	[illegible]
April	38.22	[illegible]	[illegible]	[illegible]
June	40.85	[illegible]	[illegible]	[illegible]
July	40.30	[illegible]	[illegible]	41.10

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
May	61.50	[illegible]	[illegible]	[illegible]
July	61.58	[illegible]	[illegible]	[illegible]
Aug	59.37	[illegible]	[illegible]	[illegible]
Feb	58.72	[illegible]	[illegible]	[illegible]
March	57.50	58.35	57.50	58.45
May	60.50	—	—	60.50

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
July	229.0	231.0	228.4	228.4
Sept	205.0	207.9	205.8	205.0
Dec	197.8	198.4	197.2	196.2
March	206.8	208.4	206.4	206.0
May	212.4	213.4	212.0	213.2
July	212.4	213.0	212.4	213.4
Sept	203.2	—	—	—

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	528.6	533.4	529.6	531.4
Aug	525.4	529.0	525.2	527.4
Sept	515.4	519.4	515.4	518.0
Nov	512.6	517.0	512.0	518.2
Jan	522.2	526.0	522.2	526.0
March	532.8	538.4	532.0	535.2
May	537.8	—	537.8	534.4
July	539.0	546.0	538.6	542.4
Aug	537.0	540.0	537.0	—

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	148.2	150.4	148.5	149.8
Aug	148.1	150.3	148.1	149.5
Sept	147.6	148.6	147.5	149.0
Oct	147.8	149.5	147.8	148.8
Dec	148.1	150.5	147.8	150.2
Jan	148.8	151.0	148.6	150.7
March	151.5	153.5	151.5	153.2
May	155.5	158.5	155.5	159.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	17.91	18.09	17.81	17.80
August	18.02	18.20	17.94	17.92
Sept	18.05	18.20	18.00	17.92
Oct	18.07	18.15	17.95	17.92
Dec	18.27	18.45	18.15	18.17
Jan	18.35	18.50	18.30	18.25
March	18.70	18.85	18.65	18.60

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	261.4	262.8	257.8	258.4
Sept	263.4	264.0	258.0	258.6
Dec	271.6	272.4	267.0	268.4
March	273.0	273.4	268.0	269.4
May	265.0	265.0	260.4	261.0
July	250.0	250.0	248.0	242.0

SPOT PRICES—Chicago loose lard 10.00 (10.50) cents per pound. Hardy and Harman silver bullion 485.0 (487.0) cents per troy ounce.

Irish Minister seeks export boost

MR MICHAEL NOONAN, Ireland's Minister for Industry and Commerce, is to visit Bristol next month in an effort to boost Irish exports to the south-west of England. During his first official visit to England on June 25, Mr Noonan will meet members of the local business community.

مركز الأهرام

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady after early rise

The dollar posted early gains, and then traded steadily and quietly on the European foreign exchanges. Initially there was a suspicion the dollar might attack the DM 2.25 and Y170 levels, but although the US currency touched a peak of DM 2.2510, this was not sustained, and for most of the day trading was around DM 2.2450. At present the dollar is poised between support provided by reasonably encouraging US economic statistics, and fear of intervention by central banks in West Germany and Japan, set against speculation that future economic figures will not be as good, and expectations that the Reagan Administration will not be prepared to see a continuing appreciation of the currency.

Tuesday's upward revision of first quarter US gross national product growth provided only limited support, because the figure was regarded as resulting from stockbuilding and defence spending, and is expected to decline in the second quarter.

Yesterday's announcement of a 0.3 per cent fall in US consumer prices in April, and a 1.2 per cent rise in personal income, helped underpin the dollar, which recorded small mixed changes on the day. It rose to DM 2.2420 from DM 2.2410: to FFr 7.1425 from FFr 7.1375: and to Y168.70 from Y168.65, but fell to SFr 1.8645 from SFr 1.8690. On Bank of England figures, the dollar's index was unchanged at 115.4.

£ IN NEW YORK

May 21	Latest	Prev. close
£ Spot	$1.5155-1.5165	$1.5210-1.5250
1 month	0.45-0.42pm	0.46-0.45pm
3 months	1.20-1.16pm	1.18-1.15pm
12 months	3.50-3.35pm	3.46-3.38pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3770. April average 1.4988. Exchange rate index closed unchanged at 76.4, compared with 79.9 six months ago.

Sterling was on the sidelines, showing no reaction to a fall in oil prices on the European market. The pound also failed to react to a rise of 0.4 per cent in the first quarter UK gross domestic product, finishing unchanged at $1.5165-1.5175. Sterling was also unchanged at DM 3.40, while rising to FFr 10.8350 from FFr 10.8275; and to Y256 from Y255.75, but falling to SFr 2.83 from SFr 2.8350.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.1640. April average 2.2723. Exchange rate index 134.4 against 127.7 six months ago.

The D-mark lost ground to the dollar in Frankfurt. The Bundesbank did not intervene at the fixing, as the dollar rose to DM 2.2465 from DM 2.2195. Stronger than expected growth in US GNP during the first quarter, provided the dollar with a firm undertone, while it was also suggested that the nuclear accident in the Soviet Union, had provided a boost for the Greens Party, at next month's Lower Saxony elections, and may also enhance the standing of the party at next January's Federal election. This was regarded as a weakening factor for the D-mark. At the Frankfurt close the dollar had climbed to DM 2.2450 from DM 2.23975.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 161.05. April average 175.05. Exchange rate index 205.2 against 179.5 six months ago.

The yen weakened against the dollar in Tokyo, reflecting the upward revision in first quarter US GNP growth announced on Tuesday, and the lack of comment about the dollar's value against the yen, in the testimony of Mr James Baker, US Treasury Secretary, before a Senate committee. The dollar touched a peak of Y169.45, but eased back slightly to Y169.05 at the close, on selling by Japanese exporters. It was still much firmer than the previous close of Y167.30 however.

POUND SPOT—FORWARD AGAINST POUND

May 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5130-1.5190	1.5165-1.5175	0.45-0.44c pm	3.52	1.23-1.21 pm	3.22
Canada	2.0696-2.0749	2.0715-2.0745	0.38-0.28c pm	1.91	0.92-0.78 pm	1.64
Nethlnd.	3.82¼-3.84¼	3.82¼-3.83¼	1⅜-1¼c pm	4.10	4⅛-4 pm	4.23
Belgium	69.30-69.70	69.30-69.40	19-13c pm	2.76	47-39 pm	2.47
Denmark	12.58-12.63½	12.58-12.59	3⅞-2⅞ore pm	3.21	9-7½ pm	2.61
Ireland	1.1170-1.1220	1.1180-1.1190	0.15-par p pm	0.80	.15pm-.05dis	−0.18
W. Ger.	3.39½-3.41	3.39½-3.40½	1⅝-1½pf pm	5.94	4⅞-4⅝ pm	5.58
Portugal	224.98-228.31	226.05-227.23	80-320c dis	−10.56	280-900dis	−10.37
Spain	215.65-216.55	215.65-215.95	25-65c dis	−2.50	80-205 dis	−2.73
Italy	2330-2340¾	2331-2332	2-5½lire dis	−1.93	7½-13½ dis	−1.80
Norway	11.53⅞-11.57	11.53½-11.54½	3⅝-4½ore dis	−4.29	10¼-11⅞ dis	−3.70
France	10.82-10.86	10.83-10.84	3½-2½c pm	3.32	8⅞-7⅜ pm	2.97
Sweden	10.88-10.91½	10.88-10.89	⅝-⅞ore dis	−0.69	1⅞-2⅞ dis	−0.80
Japan	255¾-258½	255½-256½	1.31-1.17y pm	5.82	3.55-3.40 pm	5.43
Austria	23.90-23.98	23.92-23.96	12¼-10¾gro pm	5.77	31⅝-23⅝ pm	4.58
Switz.	2.82¼-2.84½	2.82⅝-2.83⅝	1⅝-1⅞c pm	5.55	4-3⅝ pm	5.46

Belgian rate is or convertible francs. Financial franc 69.95-70.05. Six-month forward dollar 2.10-2.05c pm. 12-month 3.45-3.35c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5130-1.5190	1.5165-1.5175	0.45-0.44c pm	3.52	1.23-1.21 pm	3.22
Ireland†	1.3520-1.3595	1.3580-1.3590	0.37-0.30c pm	2.96	1.05-0.95 pm	2.80
Canada	1.3653-1.3690	1.3660-1.3670	0.17-0.20c dis	−1.62	0.50-0.55dis	−1.54
Nethlnd.	2.5200-2.5370	2.5225-2.5235	0.15-0.12c pm	0.64	0.69-0.64 pm	1.05
Belgium	45.65-45.95	45.65-45.75	2-4c dis	−0.78	6-10 dis	−0.70
Denmark	8.26¼-8.33¼	8.29¼-8.29¾	par-½ore dis	−0.36	¾-1½ dis	−0.54
W. Ger.	2.2380-2.2510	2.2415-2.2425	0.47-0.44pf pm	2.43	1.39-1.34 pm	2.44
Portugal	149½-151	149¾-150¼	100-250c dis	−13.95	300-700dis	−13.29
Spain	141.90-142.62	142.15-142.25	70-100c dis	−7.15	170-200 dis	−5.18
Italy	1536-1543	1536½-1537½	6-8lire dis	−5.45	17½-21 dis	−5.00
Norway	7.59⅝-7.63½	7.60½-7.61	4⅝-5ore dis	−7.88	12⅝-13¼ dis	−6.83
France	7.13⅝-7.17	7.14-7.14½	0.05-0.20c dis	−0.21	0.20-0.45dis	−0.18
Sweden	7.17-7.19¾	7.17¼-7.17¾	2⅝-2⅝ore dis	−4.17	7-7⅝ dis	−4.00
Japan	168.35-169.45	168.65-168.75	0.35-0.30y pm	2.31	0.99-0.94 pm	2.29
Austria	15.73-15.81¼	15.74-15.76	4-2gro pm	2.28	8-5 pm	1.65
Switz.	1.8590-1.8765	1.8640-1.8650	0.37-0.32c pm	2.21	1.17-1.07 pm	2.39

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 46.10-46.20.

EXCHANGE CROSS RATES

May 21	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.517	3.400	256.0	10.84	2.830	3.828	2332.	2.075	69.35
$	0.659	1.	2.242	168.7	7.145	1.864	2.523	1537.	1.367	45.70
DM	0.294	0.446	1.	75.29	3.187	0.832	1.125	685.7	0.610	20.40
YEN	3.906	5.926	13.28	1000.	42.32	11.05	14.95	9107.	8.098	270.9
F Fr.	0.923	1.400	3.138	236.3	10.	2.612	3.533	2152.	1.913	64.01
S Fr.	0.353	0.536	1.201	90.46	3.829	1.	1.352	823.9	0.733	24.51
H Fl.	0.261	0.396	0.888	66.88	2.831	0.739	1.	609.1	0.542	18.12
Lira	0.429	0.651	1.458	109.8	4.647	1.214	1.642	1000.	0.890	29.74
C $	0.482	0.732	1.640	123.4	5.227	1.365	1.846	1125.	1.	33.45
B Fr.	1.442	2.187	4.903	369.1	15.62	4.081	5.519	3362.	2.989	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

May 21	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	10⅛-10⅜	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lire	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.Fr.(Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.Fr.(Con)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	7¾-8¾	8-8½	8-8½	7¾-8¼	7¾-8¼	8-8⅛
Asian $ (Sng)	7-7⅛	7-7⅛	7-7⅛	7-7⅛	7-7⅛	7⅟₁₆-7³⁄₁₆

Long-term Eurodollars: two years 7⅝-7⅞ per cent; three years 8⅛-8½ per cent; four years 8½-8¾ per cent; five years 8¾-9 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others two days' notice.

CURRENCY MOVEMENTS

May 21	Bank of England Index	Morgan Guaranty Change%
Sterling	76.4	−14.9
U.S. dollar	115.4	+6.1
Canadian dollar	79.8	−10.9
Austrian schilling	125.5	+7.1
Belgian franc	95.1	−7.4
Danish Krone	86.3	−1.3
Deutsche mark	154.4	+14.4
Swiss franc	156.8	+15.8
Guilder	124.2	+9.0
French franc	68.8	−13.5
Lire	46.0	−18.0
Yen	205.2	+49.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 21	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.766849	0.632501
US $	6½	1.16215	0.958556
Canadian $	8.59	*	1.31130
Austria Sch	4	18.3495	15.1308
Belgian Fr	8½	53.3083	43.9450
Danish Kr	7	9.67091	7.97039
D'mark	3½	2.61079	2.15292
Guilder	4½	2.94206	2.42543
French Fr	9½	8.31911	6.85086
Lira	13	1781.67	1476.89
Yen	3½	196.638	161.709
Norway Kr	8	8.86530	7.30828
Span'h Pta	—	165.843	136.786
Swedish Kr	8	8.33073	6.89201
Swiss Fr	4	2.17671	1.79490
Greek Drch	20½	163.841	134.773
Irish Punt	—	0.85357	0.706899

* C$/SDR rate for May 20: N/A

OTHER CURRENCIES

May 21	£	$
Arg'tina	1.2886-1.2910	0.8500-0.8510
Aus'alia	2.1035-2.1075	1.3885-1.3895
Brazil	20.87-21.00	13.77-13.84
Finland	7.8350-7.8500	5.1745-5.1765
Greece	211.30-216.81	139.46-142.36
H'kong	11.8360-11.8470	7.8125-7.8145
Iran	120.50*	79.00*
Kuwait	0.4460-0.4470	0.29445-0.29475
Luxemb'g	69.30-69.40	45.65-45.75
Malaysia	3.9630-3.9650	2.6100-2.6150
N. Z'land	2.7850-2.7905	1.8370-1.8400
Saudi Ar.	5.6850-5.6900	3.7480-3.7500
Sin'pore	3.3780-3.3800	2.2255-2.2275
S. Af. (Cm)	3.4350-3.4615	2.2685-2.2820
S. Af. (Fn)	5.5630-5.7750	3.6695-3.8095
U.A.E.	5.5650-5.5725	3.6715-3.6745

* Selling rate.

STERLING INDEX

	May 21	Previous
8.30 am	76.4	76.3
9.00 am	76.5	76.3
10.00 am	76.4	76.5
11.00 am	76.4	76.4
Noon	76.4	76.4
1.00 pm	76.4	76.4
2.00 pm	76.5	76.4
3.00 pm	76.5	76.5
4.00 pm	76.4	76.5

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.6761	43.9450	+0.62	+0.62	±1.5368
Danish Krone	7.91896	7.97039	+0.65	+0.65	±1.6412
German D-mark	2.13834	2.15292	+0.68	+0.68	±1.1202
French Franc	6.96280	6.85086	−1.46	−1.46	±1.3701
Dutch Guilder	2.40935	2.42543	+0.67	+0.67	±1.5081
Irish Punt	0.712956	0.706899	−0.85	−0.85	±1.6689
Italian Lira	1496.21	1476.89	−1.29	−1.29	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

US bonds firm

US bond prices rose in the London International Financial Futures Exchange yesterday, helped by lower oil prices and a firmer dollar. Early trading saw short covering started in Chicago on Tuesday continue as the unexpected rise in US first quarter GNP was dismissed as containing too many technical and one off factors to herald any significant change in the course of the US economy.

A number of factors helped to revive bullish sentiment, including comments by Federal Reserve Board governor Emmett Rice which agreed with reports that US growth in the second half of this year was likely to be sluggish. This gave renewed impetus to hopes that cash rates may be reduced in order to stimulate economic growth. Yesterday's US economic data which included consumer prices and personal income were much in line with expectations and had little overall effect.

Gilt prices were generally firmer but failed to capitalise fully on the recovery in US bonds. The September price opened at 125-31 up from 125-03 but finished at the day's lows of 125-10, still up from Tuesday's close.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
116	9.06	9.54	—	—	0.00	0.34	—	—
118	7.06	8.11	—	—	0.00	0.55	—	—
120	5.06	6.42	—	—	0.00	1.22	—	—
122	3.06	5.78	—	—	0.00	1.62	—	—
124	1.11	4.06	—	—	0.05	2.50	—	—
126	0.07	3.06	—	—	1.01	3.50	—	—
128	0.00	2.18	—	—	2.98	4.62	—	—
130	0.00	1.40	—	—	4.98	5.20	—	—

Estimated volume total, Calls 1,481, Puts 205
Previous day's open int. Calls 11,650, Puts 3,897

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
88	8.29	8.33	—	—	0.45	1.33	—	—
90	6.56	7.08	—	—	1.08	2.08	—	—
92	5.30	5.55	—	—	1.46	2.55	—	—
94	4.15	4.48	—	—	2.31	3.48	—	—
96	3.13	3.51	—	—	3.29	4.51	—	—
98	2.22	2.63	—	—	4.38	5.63	—	—
100	1.43	2.20	—	—	5.59	—	—	—
102	1.11	—	—	—	7.27	—	—	—

Estimated volume total, Calls 39, Puts 25
Previous day's open int. Calls 689, Puts 661

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

Strike price	Calls—Last June	July	Aug	Sept	Puts—Last June	July	Aug	Sept
1.30	21.65	—	—	21.65	0.00	—	—	0.17
1.35	16.65	16.65	—	16.65	0.00	0.07	—	0.51
1.40	11.65	11.65	11.65	11.65	0.02	0.32	0.63	1.28
1.45	6.65	7.06	7.52	7.82	0.35	1.12	2.00	2.62
1.50	2.55	3.62	4.53	4.94	1.68	2.88	4.01	4.74
1.55	0.90	1.73	2.48	2.91	4.63	5.79	6.94	7.71
1.60	0.17	0.65	1.20	1.57	8.90	9.71	10.66	11.37

Estimated volume total, Calls 80, Puts 46
Previous day's open int. Calls 3,775, Puts 5,583

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

Strike price	Calls—Last June	July	Aug	Sept	Puts—Last June	July	Aug	Sept
1.30	24.80	—	—	—	—	—	—	0.25
1.35	19.80	—	—	—	0.20	—	—	0.50
1.40	12.40	12.40	0.00	12.40	0.20	0.70	0.00	1.40
1.45	7.00	7.50	8.00	8.30	0.55	1.10	2.20	2.90
1.50	2.80	3.60	4.80	5.10	1.80	2.95	4.20	4.90
1.55	1.00	1.60	2.60	3.10	4.70	5.80	7.10	7.90
1.60	0.40	0.60	1.30	—	9.00	9.80	10.80	11.50

Previous day's open int. Calls 9, Puts 56
Volume, 55

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

Strike price	Calls—Last June	July	Aug	Sept	Puts—Last June	July	Aug	Sept
1.30	21.30	—	—	21.40	—	—	—	0.20
1.35	16.30	16.30	—	16.40	—	0.05	—	0.40
1.40	11.30	11.40	—	11.50	0.05	0.25	—	1.20
1.45	6.40	6.90	7.10	7.60	0.30	11.00	1.85	2.30
1.50	2.75	3.55	4.25	4.75	1.50	2.80	3.70	4.40
1.55	0.75	1.60	2.20	2.65	4.35	5.50	6.50	7.30
1.60	0.15	0.55	1.05	—	18.70	9.40	10.20	—

Previous day's open int. Calls 41,923, Puts 38,433
Previous day's volume, Calls 2,593, Puts 450

LIFFE—EURODOLLAR OPTIONS

$1m points of 100%

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
91.00	1.96	1.54	—	—	0.00	0.01	—	—
91.50	1.48	1.46	1.37	—	0.00	0.03	0.08	—
92.00	0.98	1.00	0.95	—	0.00	0.07	0.16	—
92.50	0.50	0.61	0.59	—	0.02	0.18	0.30	—
93.00	0.14	0.31	0.32	—	0.16	0.38	0.53	—
93.50	0.01	0.12	0.14	—	0.53	0.69	0.85	—
94.00	0.00	0.03	0.05	—	1.02	1.10	1.26	—

Previous day's open int. Calls 4,122, Puts 3,045
Volume, 20

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	96-18	96-31	96-03	96-06
Sept	95-27	96-08	95-11	95-16
Dec	95-01	96-14	94-19	94-22
March	94-08	94-20	94-00	93-30
June	93-18	93-20	93-16	93-09
Sept	92-28	92-30	92-28	92-20
Dec	92-10	92-12	92-00	92-02
March	91-26	92-00	91-24	91-18
June	—	—	—	91-04
Dec	90-16	—	—	90-15

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	93.84	93.85	93.80	93.81
Sept	93.90	93.95	93.86	93.90
Dec	93.81	93.87	93.79	93.80
March	93.62	93.67	93.61	93.59
June	93.37	93.42	93.34	93.33
Sept	93.09	93.15	93.07	93.06
Dec	92.88	92.91	92.84	92.83
March	92.64	92.67	92.62	92.61

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	—	—	—	93.29
Sept	—	—	—	93.22
Dec	—	—	—	93.05
March	—	—	—	93.14

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	92.97	93.02	92.93	92.96
Sept	92.92	92.99	92.87	92.92
Dec	92.70	92.85	92.72	92.75
March	92.53	92.61	92.48	92.49
June	92.23	92.29	92.18	92.18
Sept	91.93	91.98	91.89	91.89
Dec	91.65	91.72	91.62	91.62
March	91.40	91.47	91.38	91.38

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	125-03	125-30	125-01	124-27
Sept	125-10	125-31	125-10	125-03
Dec	125-09	—	—	125-02
March	125-05	—	—	124-30

Esti. Volume 8,005 (11,443)
Previous day's open int. 12,589 (12,512)
Basis quote (clean cash price of 13% Treasury 2004/08 less equivalent price of near future contract) −4 to 4 (32nds)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
June	102-62	102-10	102-62	102-60
Sept	103-18	—	—	103-16

Est. Volume 100 (93)
Previous day's open int. 1,360 (1,370)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	89.94	89.97	89.89	89.88
Sept	90.73	90.76	90.66	90.63
Dec	90.98	91.01	90.93	90.87
March	90.98	91.01	90.95	90.86
June	90.89	90.84	90.79	90.70

Est. Volume 2,492 (5,438)
Previous day's open int. 18,683 (18,522)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	159.20	160.20	158.80	159.20
Sept	161.45	161.00	161.00	161.45
Dec	163.95	—	—	163.95

Est. Volume 308 (377)
Previous day's open int. 2,253 (2,569)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	92.93	93.02	92.92	92.88
Sept	92.92	93.01	92.88	92.80
Dec	92.65	92.87	92.62	92.65
March	92.55	92.62	92.51	92.40
June	92.27	92.31	92.21	92.12
Sept	92.02	—	—	91.90
Dec	91.79	91.95	91.65	91.67

Est. Volume 1,006 (6,096)
Previous day's open int. 21,803 (21,809)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	96-12	96-31	96-01	94-16
Sept	95-24	96-11	95-19	93-26
Dec	95-00	—	—	93-25

Est. Volume 10,442 (10,866)
Previous day's open int. 8,648 (8,298)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5170	1.5126	1.5048	1.4953	1.4830

IMM—STERLING $e per £

	Latest	High	Low	Prev
June	1.5120	1.5145	1.5110	1.5135
Sept	1.5015	1.5035	1.4985	1.5025
Dec	1.4925	1.4940	1.4925	1.4935

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.5127	1.5128	1.5117	1.5157
Sept	1.5020	1.5035	1.5020	1.5050
Dec	1.4940	1.4947	1.4940	1.4970

Est. Volume 20 (47)
Previous day's open int. 1,990 (1,987)

MONEY MARKETS

UK rates slightly lower

Interest rates fell in London yesterday. The money market was faced with a very large shortage and the scale and terms which the Bank of England offered to relieve the shortage gave rise to revived speculation that interest rates may fall sooner than had previously been expected. However dealers pointed out that the Bank may have just been keen to accommodate the shortage on banks' make up day and that tomorrow may see another big shortage ahead of the long weekend. However, overnight interbank money finished around 1 per cent after a high of 11⅛ per cent while the three-month rate eased to 10⅛-10¼ per cent from 10³⁄₁₆-10⁵⁄₁₆ per cent.

The Bank of England forecast a shortage of around £1,400m with factors affecting the market including maturing assistance and a net take up of Treasury bills together draining £912m and Exchequer transactions accounting for a further £360m. There was also a rise in the note circulation of £155m. These were partly offset by banks' balances brought forward £50m above target.

To help alleviate the shortage, the Bank offered an early round of assistance. This comprised purchases of £979m of bills: £10m of eligible bank bills outright in band 2 at 10⁵⁄₁₆ per cent and £969m for resale on June 12 at 10²¹⁄₃₂-10²³⁄₃₂ per cent. Further help was given in the morning of £441m. This comprised outright purchases of £42m of eligible bank bills in band 2 at 10⁵⁄₁₆ per cent and in band 3 £15m of Treasury bills and £34m of eligible bank bills at 10¼ per cent. The Bank also arranged sale and repurchase agreements on £350m of bills at 10⁵⁄₁₆ per cent, unwinding on June 4. There was no further assistance in the afternoon so that total help came to £1,420m.

In Frankfurt the Bundesbank restricted its latest 34-day sale and repurchase agreement to a total of DM 5.9bn at a fixed rate of 4.35 per cent. Total bids came to DM 16.8bn and successful applicants will be allocated the funds today. The latest facility is around half a maturing agreement worth DM 10.1bn and underlines recent high levels of short term liquidity.

Call money was quoted around 4 per cent, but there was little expectation of a cut in lending rates after today's meeting of the Bundesbank central council. This was given further weight after the West German authorities announced that there would be no press conference after today's meeting.

UK clearing bank base lending rate 10½ per cent since April 21

NEW YORK RATES

(Lunchtime)

Prime rate	8½
Broker loan rate	7¾
Fed funds	6⅞
Fed funds at intervention	6⅞

Treasury Bills & Bonds

One-month	5.81
Two-month	6.18
Three-month	6.41
Six-month	6.41
Six-month	6.52
Two-year	7.23
Three-year	7.44
Four-year	7.62
Five-year	7.78
Seven-year	7.80
10-year	7.84
30-year	7.65

MONEY RATES

May 21	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tn
Frankfurt	3.90-4.00	4.55-4.70	4.50-4.65	4.50-4.65	4.50-4.65	5.5
Paris	7¼	7⅛-7¼	7³⁄₁₆-7⁵⁄₁₆	7³⁄₁₆-7⁵⁄₁₆	6¹⁵⁄₁₆-7¹⁄₁₆	7¼
Zurich	⅞-1⅛	4⅛-4⅜	—	4⅛-4⅜	—	—
Amsterdam	7-7¼	6⅝-6⅞	—	6⅝-6⅞	—	—
Tokyo	4.03125	4.59375	—	4.65625	—	—
Milan	13-13½	13-13⅜	—	12⅜-12⅞	—	—
Brussels	7¾	7⅞-8	—	7⅝-8⅛	—	—
Dublin	10¼-10¾	10⅛-10⅝	10⅛-10⅝	10-10¼	9¾-10	—

FT LONDON INTERBANK FIXING

(11.00 a.m. May 21)

Three months US dollars		Six months US dollars	
bid 6 ¹⁵⁄₁₆	Offer 7 ¹⁄₁₆	bid 7	Offer 7⅛

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

May 21	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	1-11⅛	10¼-11	10⁷⁄₁₆-10⅝	10⅛-10⅜	9⅞-10¹⁄₁₆	9¹³⁄₁₆-9⅞
Sterling CDs	—	—	10⅜-10½	10-10⅛	9¹³⁄₁₆-9¹⁵⁄₁₆	9⅞-9⅞
Local Authority Depos	10½-10¾	10⅜-10¾	10⅜-10⅛	10³⁄₁₆	9¹⁵⁄₁₆	9¾
Local Author'y Bonds	—	—	10¾	10½	10¼	10¹⁄₁₆
Discount Mkt Depos	2-10½	10½-10¾	10¼	9¾	—	—
Company Depos	10½-10¾	10⅜-10¾	10⅜-10⅛	10³⁄₁₆	—	—
Finance House Depos	—	—	10⅜	10⅛	10	9⅞
Treasury Bills (Buy)	—	—	10¼	9⅞	—	—
Bank Bills (Buy)	—	—	10¼	9⅞	9⅞-9½	—
Fine Trade Bills (Buy)	—	—	10⅞	10½	10¹⁄₁₆	—
Dollar CDs	—	—	6.85-6.90	6.90-6.95	6.95-7.00	7.10-7.15
SDR Linked Depos	—	—	6½-6¾	6½-6¾	6½-6¾	6½-6¾
ECU Depos	—	—	7½-7⅝	7⅜-7½	7⁷⁄₁₆-7⁹⁄₁₆	7⁷⁄₁₆-7⁹⁄₁₆

Treasury Bills (sell): one-month 10⅛ per cent; three-month 9¾-9²³⁄₃₂ per cent. Bank Bills (sell): one-month 10⅛ per cent; three months 9²³⁄₃₂ per cent. Treasury Bills: Average tender rate at discount 9.8001 per cent. ECGD Fixed Finance Scheme IV reference date April 2 to May 6 (inclusive) 10.527 per cent.

Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from May 1 1986. Bank Deposit Rate for sums at seven days' notice 5½-6 per cent. Certificates of Tax Deposits (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 10⅛ per cent; three-six months 10 per cent; six-nine months 9⅞ per cent; nine-12 months 9¾ per cent. Under £100,000 9¾ per cent from May 14. Deposits held under Series 5 9¾ per cent. Deposits withdrawn for cash 6 per cent.

Company Notices

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99¾	98⅝	Treas 9½pc 1984-86‡‡	99¾		8.52	10.40
102	100	Exch 14pc 1986	101		13.75	9.56
98	94	Exch 2½pc 1986	98	+¼	2.54	5.82
106	100¾	Exch 13¼pc 1987	102		12.95	9.52
100	97	Treas 10¼pcCv '87	100	+	10.19	9.35
96⅞	92	Exch 2½pc 1987	96⅞	+	2.58	6.75
101	97	Exch 10½pc 1987	100⅞		10.41	9.38
98	93⅝	Funding 6½pc '85-87‡‡	98	+⅛	6.59	8.10
101¼	96	Treas 10pc 1987	100	+	9.92	9.20
96	90⅞	Treas 3pc 1987	96	+¼	3.11	6.38
104½	99	Treas 12pc 1987	103⅞		11.55	9.04
99	92	Treas 7¾pc 1985-88‡‡	99	+¼	7.81	8.26
104	96¼	Exch 10½pc '88	103	+¼	10.19	8.76
102	95	Treas 9½pc Cv '88	101	+	9.58	8.82
93	86	Transport 3pc '78-88	93	+	3.21	6.40
102	93	Treas 9½pc '88	101	+	9.39	8.93
107	98	Treas 11½pc 1989	106	+¼	10.82	8.85
103	93	Treas 9½pc Cnv '89	102	+¼	9.28	8.55
91	82	Treas 3pc 1989	91	+½	3.26	6.02
105	95	Treas 10½pc 1989	104	+⅛	10.06	8.87
104	94	Exch 10pc 1989	103	+	9.71	8.90
107	97	Exch 11pc 1989	106	+¼	10.36	8.87
93	84	Treas 5pc 1986-89	93	+	5.34	7.16
110	94¾	Exch 10¼pcCv '89	108	+	9.45	7.42
114	103	Treas 13pc 1990‡‡	113	+	11.50	8.73
108	97	Exch 11pc 1990‡‡	107	+⅛	10.27	8.72
113	101	Exch 12½pc 1990	112	+	11.15	8.71
89	79⅝	Treas 3pc 1990	89	+	3.37	6.12
100	89	Treas 8¼pc 1987-90‡‡	99	+¼	8.26	8.30
105	93	Treas 10pcCv 1990	104	+	9.53	8.58
85	76	Exch 2½pc 1990	85	+	2.92	6.18
112	99	Treas 11¼pc 1991	111	+	10.58	8.78
94	83	Funding 5¾pc '87-91‡‡	94	+	6.13	7.18

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
145	82	♣Midland Mrs	145	+2	4.0	2.1	3.9	17.3
78½	61	Mitchell Cotts	74		4.25	1.5	8.3	10.8
109	81	♣Monks & Crane 10p	106	+3	1.27	♦	3.6	♦
312	210	Morgan Crucible	312	+7	8.5	♦	3.8	♦
23½	15½	♣Morris (W) F.A. 20p	20		—	—	—	—
139	96	Moss (Robt.) 10p	128					
110	65	Myson Grp 10p	107		4.3	2.7	3.3	13.8
365	259	NMW Computers	325	−10	2.63	2.6	3.5	13.8
40	27	Nash Inds	32		0.0	3.0	0.9	18.7
28	16	Neil & Spencer 10p	21		0.5	—	2.2	—
38	28	Newman Inds 10p	38		—	—	—	—
65	50	Nolton	53		0.8	♦	3.0	♦
132	96	♣Norank Systems 5p	118		0.95	5.9	2.5	7.6
263	187	Norcros	235		6.0	♦	3.6	♦
91	49	Nu-Swift 5p	88		1.6	2.0	5.2	12.8
128	80	Oakwood Grp	98	−7	3.5	2.1	5.6	11.8
250	203	Office & Elect	237		5.0	1.3	7.2	13.6
102	70	Ofrex 20p	91		8.5	2.9	5.7	9.4
36	24	♣Optometrics $0.01	26	+2	4.0	2.6	6.2	8.1
765	500	Oriflame £1	757	+5	u0.2c	2.1	6.0	8.7
70	8	Owenstone 12½c			24.5	2.1	4.6	14.7
£275	£228	Ozalid 9pc Cnv 87-92	£262		9.0	1.9	13.1	4.0
100	85	♣PCT Grp 10p	95		0.9	—	13.5	—
£20½	950	PLM 'B' Sk 25	£15½		3.2	1.2	6.9	23.0
174	114	PSM Intl	174	+2	0.3	0.3	6.2	—
255	167	♣Pacer Systems $0.01	190	−10	6.5	2.1	4.5	13.0
78	56	♣Pacific Sales 10p	56	−2	3.0	3.4	1.4	21.2
342	225	Park Place 10p	335	−7	16.25	1.2	7.5	15.3
425	246	Parker Knoll 'A'	415		19.5	1.9	2.6	28.1
525	208	♣Parkfield Group 5p	475		12.4	2.9	3.2	15.1
53	30	♣Pavion Intl	43		—	2.4	0.7	79.4
£138	£92	Do 11pc Cv.Ln '94-02	£102	+2	Q11%	—	11.1	—
503	393	Pearson	445		10.0	2.8	3.2	14.7
25	12	Peek Holdings 7p	25		—	—	—	—
130	88	Peerless	125	−1	6.3	—	7.1	—
735	283	Pentland 10p	695	+40	1.5	22.4	0.3	19.7
£34	775	Photo-Me	£9½	−½	15.08	8.3	0.8	19.4
475	315	Pilkington Br. £1	420	+5	12.5	2.5	4.2	10.4
£385	£293	Pitney-Bowes Cnv. Ln.	£363	+1	Q5½%	—	1.5	—

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

IRISH

"Recent Issues" and "Rights" Page 42 (International Edition Page 32)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 12	May 29	May 30	June 9
June 2	June 12	June 13	June 23
June 1	June 26	June 27	July 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

Markets boosted by US influences
Index up 7.5 more at 1312.5

Wall Street influences were the main driving force behind yesterday's *continued recovery* in the equity sectors and also gave an early *boost to Government securities*.

The 25.50 overnight rise in the Dow Jones Industrial Average, triggered off largely by a strong rebound in US bonds, prompted dealers to mark domestic blue chip industrials higher at the outset.

Buyers showed little enthusiasm at the slightly higher levels, but a flurry of activity in the Stores sector—Boots were again briskly traded in the wake of recent Fisons bid rumours—helped keep the market alive and arrest a mid-morning downward drift.

Selected issues made further modest progress during the afternoon, with the underlying tone being given a fresh filip following the announcement of interim figures well above expectations from Bass and the continuing advance on Wall Street in the early trading yesterday.

Up 4.5 at 10.00 am, *The Financial Times* Ordinary share index drifted back to *record a rise of* only 2.4 an hour later, but *gradually edged higher from* this level to close 7.5 up on the *day at 1,312.5 making an uninterrupted* rally of 20 points so *far this week*.

Interest generally remained at a *low level*, but the distinctly more stable conditions of the past few days encouraged a noticeable increase in speculative activity which resulted in numerous second-line features.

Reflecting overnight gains in the US bonds which stretched to around 2 points, Government stocks opened with a flourish and were soon showing rises of over a point at the long end. Trading conditions were quite brisk at the higher levels, but interest began to fade as the market began to register disappointment with the lack of any moves by the Authorities to activate the long tap and quotations finished below the best. Final rises extended to ¾ and occasionally more. Short-dated stocks also made further headway helped by easier money market rates, but interest was again largely centred on the low coupon issues.

Allied Irish up

An otherwise idle banking sector was featured by a rise of 19 to 242p in **Allied Irish** following the slightly better-than-expected preliminary results. **Bank of Ireland**, however, remained depressed by the recent poor annual figures and lost 5 more at 440p. Interest in the major clearers was again minimal in the wake of NatWest's record cash call. The latter relinquished 5 at 740p and **Barclays** lost 5 at 496p.

Insurances plotted an irregular course in thin trading. **Britannic** *put on 11 at 833p and* **Sun Life** advanced 17 to 810p among Life issues, but **Equity and Law** retreated 6 to 260p in the absence of takeover developments. In Composites, **Sun Alliance** closed 11 down at 677p following the AGM.

Sales promotions group **Clarke Hooper**, which staged a highly successful market debut in the USM on Tuesday, attracted further demand and rose 12 to 167p.

Business in Breweries centred mainly on those companies reporting trading statements. Annual results from **Whitbread**, released during the first hour of trading, proved to be much as expected and the shares traded between 296p and 286p before settling only a net penny to the good at 291p. Interim profits from **Bass**, the UK's *largest* brewer, comfortably exceeded *market estimates, albeit with a* bigger-than-anticipated profit *from the sale of properties*, and advanced 22 to 790p. Regionals *were subdued with the exception* of Welsh concern **Buckleys** *which advanced 7 more* to 90p amid revived country buying; the annual results are expected next Thursday. Elsewhere, **Irish Distillers** slumped 15 to 240p as the annual profits recovery fell short of expectations; sentiment was also unsettled by the cautious tenor of the accompanying statement.

Leading Buildings made further selective progress. **Blue Circle** firmed 8 to 670p and **RMC** *gained 6 to 642p*. **BPB Industries** improved a similar amount to 478p, but **Redland**, up to 426p early on, drifted back to close unchanged at 423p. Among Contracting and Construction issues, **Costain** were favoured at 532p, up 6, but **John Mowlem** shed 4 more to 358p and **Bellway** lost 9 to 16½ on scattered selling. Elsewhere, **Magnet and Southerns** attracted late demand on revived takeover rumours and closed a net 8 up at 174p. A "chart buy" signal and renewed bid speculation gave a fresh boost to **Manders**, finally 13 higher at 270p, a three-day gain of 27.

The optimistic outlook for retail sales volume, as confirmed by the FT/CBI survey of distributive trades, ensued a firm showing by leading Stores. **Burton**, additionally aided by encouraging notices emanating from a broker's lunch, touched 298p before settling 6 up on balance at 294p. **Harris Queensway** rose 12 to 268p, after 275p, while **Gussies "A"** put on ⅛ more to £10⅛ reflecting persistent hopes of a deal involving the *latter's Times Furnishing operation*. **Marks and Spencer** were *unchanged at 200p following* confirmation of the proposed purchase of the *minority interests* in its Canadian subsidiary at C$24 per share. **Coats Viyella** continued to draw strength from *a broker's bullish circular* and rose 16 for a two-day gain of 26 *to 496p. Hopes of imminent bid* developments lifted **H. Samuel "A"** *5 to a 1986 peak of 131p*, while rumoured suitors **Ratners** *advanced 6 to 159p. Press com*ment lifted **Stirling** 5 to 100p, *but further consideration of the* annual results clipped a few *pence from* **Underwoods** at 181p.

GEC were noteworthy among the Electrical majors, rising 6 to 196p following reports of a broker's circular. **Plessey**, meanwhile, softened a couple of pence to 222p awaiting today's preliminary results. Elsewhere, **Ferranti** moved up 4 at 128p and speculative buying fuelled by revived takeover hopes lifted **Telephone Rentals** 10 to 220p. **CML Microsystems** jumped 30 to a new peak of 165p after buying in a thin market, while **Amstrad**, at 547p, retrieved 5 of Tuesday's decline of 23 which followed Mr *Alan Sugar's disposal of 5m* shares in the company at 520p per share.

The recently buoyant **F. S. Ratcliffe** were to the *fore again* in Engineerings, jumping 40 to *275p on confirmation that a large* stake in the company had changed hands. *News of a bid* approach lifted **Hallite** 27 to 285p, *while speculative gains of* 2½ and 4 were seen in **Thomas** *Qualcast*, 122p. **Thomas Robinson**, however, fell 19 to 325p on *details of the proposed £6.67m rights issue to help finance the acquisition of the Vicars Group.* **Cronite** closed 3 off at 57p *following the interim figures and* profit-taking clipped 7 from *Saville Gordon at 77p*.

Foods displayed a bright *feature in* **Unigate** which advanced 16 to 273p following *a burst of speculative buying*. **Cadbury Schweppes**, however, *slipped 2 to 159p* as takeover enthusiasm waned and **Rowntree Mackintosh** were 5 *cheaper at* 483p for the same reason. Bul*lish reports emanating from an* analysts' meeting that followed publication of the *interim results* left **S. and W. Berisford** 3 dearer at 212p; on *Tuesday*, *the respective bids for the company from Hillsdown Holdings and Tate and* Lyle were referred to the Monopolies Commission. **Ranks Hovis McDougall** firmed 4 to 206p after comment on the interim results, while **Hazlewood** revived with a gain of 20 at 778p. **Associated British Foods**, on the other hand, shed 6 to 326p reflecting the absence of any news about the possible sale of Fine Fare. Food Retailers, underpinned by J. Sainsbury's excellent preliminary figures, made fresh progress. **Tesco**, annual results due next Wednesday, firmed 5 more to 368p, while **Dee Corporation** gained 4 to 257p.

Ladbroke were outstanding in the Hotel sector with renewed *demand in the wake of the chair*man's optimistic annual statement *lifting the price 12 to 336p*.

Boots good again

For the second consecutive session **Boots** were strongly supported on talk of an imminent bid from Fisons, the shares touching 271p at one stage before closing a further 13 up for a two-day advance of 20 at 268p; **Fisons** fell 10 to 568p. **Beecham** were another leader to attract considerable attention, particularly from US investors and the close here was 11 higher at 376p, after 380p. **Glaxo** firmed 3 to 970p, after 990p, while **Rank Organisation**, 12 higher at 562p, again reflected takeover speculation. Elsewhere in miscellaneous industrials, **Associated British Ports** jumped 32 to 590p, after 595p, on revived rumours of a bid from P & O, while **Clement Clarke** put on 10 more to 245p awaiting further news of the bid approach. Old takeover favourite **Bestobell** featured a gain of 17 at 412p and speculative buying left **SI** 4½ to the good at 29½p and **Spong** 2½ better at 25½p, after 26½p. **Christy Hunt** jumped 8 to 62p on takeover hopes and **Metal Closures** firmed 3 to 186p, after 188p, following the overnight revaluation that the company were in tentative bid talks with John Waddington. **Channel Tunnel** advanced 17 to 87p as the "chunnel" bill overcame a major parliamentary hurdle and **London and Northern** hardened 1½ to 73½p, after 76p, following the annual profits which were better than recent pessimistic forecasts. The group's US growth prospects continued to attract investors to **Pentland** which jumped 40 to 695p and **Granada** ended 10 better at 270p following the reorganisation proposals. **A. and P. Appledore**, on the other hand, lost 25 more making a two-day decline of 75 at 235p following the poor first-half results.

Motor Components responded to selective demand. **Dowty**, still surrounded by BTR bid rumours, put on 4 more to 215p, while late support lifted **Kwik-Fit** 7 to 98p.

Publishers made selective progress with **Associated Newspapers** *10 to the good at 270p*. **United**, still benefiting from the encouraging tone of the chairman's statement at the annual *meeting, added a few pence for* a two-day advance of 10 to 353p. *Paper/Printings were subdued*. **Associated Paper** were marked *5 higher to 235p following the* first-half figures.

The Property leaders continued to trade quietly and settled a shade easier. **Land Securities** slipped to 313p prior *to closing a penny off at 315p*, while **MEPC** finished a couple of pence cheaper at 343p. **Slough Estates**, however, edged up a penny to 165p following the chairman's cheerful statement at the annual meeting. Elsewhere, **Samuel Properties**, currently in bid discussions with an unnamed party, shed 9 to 235p.

Courtaulds, due to reveal annual results next Thursday, advanced 6 for a two-day improvement of 14 to 277p. Other Textiles held close to overnight positions although renewed speculative enthusiasm was *noted for* **Lister**, 3 up at 78p, **Sekers**, a similar amount better *at 136p, and* **Yorklyde**, 15 higher at 350p. **Leeds** rose 20 to 175p.

The *oil majors opened* on a bright note reflecting Wall *Street's overnight strength, but* soon eased back as crude prices turned lower. *Shell and BP* continued to drift throughout the session and were both finally 3 cheaper at 785p and 575p respectively. **Ultramar** softened a couple of pence to 168p, while **Britoil** finished 6 down at 177p. **Lasmo** settled 4 off at 123p, after 120p. Secondary oils provided an isolated bright spot in **Conroy Petroleum** which gained 10 to 80p on Irish demand.

Revived expansion hopes prompted persistent support of Mr Ron Brierley's **Tozer Kemsley and Millbourn**, finally 22 to the good at *178p*; **Keening** rallied 48 to 328p in sympathy. *Other Overseas Traders* were subdued, although occasional *interest was evident for* **Inchcape**, 5 up at 353p.

International operators continued to shy away from South African Golds and related issues in the wake of the cross-border raids on neighbouring countries. An initial dull tone in Johannesburg was reflected in London and major Continental centres. The Rand, however, staged a marginal recovery and quotations closed quietly mixed for choice. Reflecting this, the FT Gold Mines index closed 0.6 off at 228.0.

Traded Options

Dealers again reported extremely subdued conditions in Traded Options. Total contracts struck amounted to 10,624 comprising 6,963 calls and 3,661 puts.

Activity centred on Boots, which attracted 1,415 calls amid speculation of a possible bid from Fisons.

FINANCIAL TIMES STOCK INDICES

	May 21	May 20	May 19	May 16	May 15	May 14	year ago
Government Secs	92.24	91.73	91.62	91.54	91.98	92.43	80.93
Fixed Interest	97.03	96.82	96.82	96.74	96.89	97.10	85.73
Ordinary ♥	1312.5	1305.0	1294.3	1289.5	1302.6	1320.0	1020.9
Gold Mines	228.0	228.6	241.3	246.1	244.3	251.0	484.9
Ord. Div. Yield	4.19	4.21	4.24	4.25	4.24	4.14	4.54
Earnings, Yld. % (full)	10.40	10.44	10.53	10.57	10.46	10.25	11.46
P/E Ratio (net) (*)	11.76	11.71	11.61	11.57	11.69	11.93	10.63
Total bargains (Est.)	26,375	25,467	26,027	25,714	26,281	26,798	27,026
Equity turnover £m.	—	396.53	365.85	490.93	533.73	680.93	495.85
Equity bargains	—	21,452	22,864	23,887	21,817	23,530	25,837
Shares traded (m)	—	187.6	178.3	218.4	231.1	295.1	229.8

♥ Opening —. 10 am 1308.8. 11 am 1307.4. Noon 1311.0. 1 pm 1311.3. 2 pm 1311.6. 3 pm 1312.7. 4 pm 1312.8. Day's High 1314.0. Day's Low 1300.6. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. Activity 1974. Latest index 01-246 8026. * Nil = 11.36.

HIGHS AND LOWS

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	97.51 (22/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	357.0 (27/1)	228.0 (21/5)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	May 20	May 19
Daily		
Gilt Edged Bargains	177.9	171.8
Equities Bargains	139.0	148.1
Value	801.5	733.5
5-day Average		
Gilt Edged Bargains	153.1	149.3
Equities Bargains	147.1	151.2
Value	897.7	1070.4

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 19	June 6	Aug 28	Sept 8
June 9	June 20	Sept 11	Sept 22
June 23	July 4	Sept 25	Oct 6

For rate indications see end of Unit Trust Service

Stocks favoured for the call included North Sea and General, Fairline Boats, Chloride, Richardson, Westgarth, SI, WSL, Control Securities, B. Elliott, Tozer Kemsley and Millbourn, Edmond, Sears, Energy Capital, Frederick Cooper, Boots, Hawtin, Barrie Investment and Finance, William Boulton, BCA, Abaco Investments, Polly Peck, Sycamore, Sound Diffusion, Plessey, Combined Technologies, Charterhall, Amstrad, Oil Search, CPU, Burnett and Hallamshire and Astra Industrial. Puts were taken out in Polly Peck and Evered. No doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	96	7	9
Corpns. Dom. & Foreign Bonds	14	6	51
Industrials	326	241	924
Financial & Props.	115	78	383
Oils	15	19	85
Plantations	1	0	14
Mines	18	38	124
Others	66	32	112
Totals	651	421	1,702

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed May 21 1986 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Tues May 20 Index No.	Mon May 19 Index No.	Fri May 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	716.40	+0.6	8.33	3.40	15.24	7.67	712.09	708.56	704.84	563.42
2	Building Materials (26)	794.32	+0.6	8.55	3.51	14.83	7.97	789.19	786.40	785.41	546.69
3	Contracting, Construction (29)	1170.34	+0.1	8.19	4.09	16.16	18.46	1168.76	1166.06	1173.21	772.30
4	Electricals (12)	1929.39	−0.2	7.68	3.92	17.29	29.92	1933.91	1922.37	1928.63	1526.75
5	Electronics (38)	1661.71	+1.4	8.78	2.74	15.12	9.74	1638.71	1630.12	1607.67	1649.51
6	Mechanical Engineering (64)	407.95	−0.1	9.30	3.87	13.58	5.77	408.38	404.01	401.97	314.26
8	Metals and Metal Forming (7)	347.77	+0.6	7.51	4.89	17.38	4.35	345.56	346.18	345.19	197.01
9	Motors (16)	286.53	+1.0	9.20	3.36	12.68	3.33	283.78	282.83	282.39	165.19
10	Other Industrial Materials (22)	1285.23	+0.4	6.44	3.09	18.63	13.80	1280.29	1276.60	1268.58	1003.83
21	CONSUMER GROUP (183)	896.55	+1.0	7.80	3.18	16.07	8.18	888.16	881.06	877.99	678.13
22	Brewers and Distillers (22)	923.42	+0.6	9.21	3.42	13.17	7.20	917.81	903.04	903.84	606.15
25	Food Manufacturing (22)	647.26	+0.3	9.53	4.08	13.72	9.37	645.24	646.01	644.50	511.59
26	Food Retailing (15)	1860.71	+0.7	6.20	2.58	21.92	7.73	1847.73	1826.70	1812.87	1620.36
27	Health and Household Products (10)	1496.46	+0.6	5.62	2.25	20.95	6.52	1488.18	1484.39	1479.96	1060.81
29	Leisure (25)	869.93	+1.4	8.05	4.04	16.17	14.01	857.83	855.49	850.07	696.78
32	Publishing & Printing (14)	2312.66	+0.6	7.26	4.09	17.58	28.02	2299.75	2296.38	2292.44	1793.91
33	Packaging and Paper (14)	447.41	+0.1	7.71	3.57	16.25	4.29	446.81	447.45	451.09	325.21
34	Stores (42)	880.30	+1.6	6.51	2.65	20.87	5.27	866.16	856.38	849.80	656.25
35	Textiles (17)	526.40	+2.0	9.06	3.42	12.70	4.52	516.04	506.13	503.69	335.08
36	Tobaccos (2)	1048.30	+1.9	13.62	4.65	8.23	20.60	1028.98	1028.41	1021.85	846.15
41	OTHER GROUPS (86)	776.28	+0.2	8.62	3.81	14.83	6.38	774.38	772.33	769.09	714.75
42	Chemicals (19)	856.82	+0.3	10.68	4.73	11.35	16.72	854.60	849.63	847.86	759.85
44	Office Equipment (4)	272.58	+2.4	7.17	3.73	16.87	4.53	266.14	263.07	262.60	188.59
45	Shipping and Transport (12)	1566.68	+0.6	8.34	3.93	14.61	21.67	1557.20	1526.99	1517.20	1280.51
47	Telephone Networks (2)	884.17	+0.1	9.32	3.66	14.71	0.95	883.64	885.50	876.02	896.60
48	Miscellaneous (49)	999.37	+0.2	6.47	3.33	19.03	6.73	997.82	996.63	999.59	891.12
49	INDUSTRIAL GROUP (483)	830.06	+0.7	8.13	3.39	15.54	7.73	824.25	819.38	816.08	662.43
51	Oil & Gas (17)	1198.91	−0.6	17.05	7.52	7.01	40.53	1206.02	1185.87	1173.97	1174.38
59	500 SHARE INDEX (500)	862.77	+0.6	9.09	3.83	13.74	10.29	857.93	851.85	847.79	785.49
61	FINANCIAL GROUP (116)	588.75	−0.3	—	4.42	—	9.19	590.39	588.47	587.64	475.69
62	Banks (7)	623.13	−0.5	18.80	5.45	7.38	14.03	626.05	625.08	621.46	478.70
65	Insurance (Life) (9)	809.22	+0.2	—	4.52	—	17.27	807.83	804.11	804.95	719.50
66	Insurance (Composite) (7)	483.90	−0.7	—	4.24	—	8.00	492.25	487.33	491.61	353.30
67	Insurance (Brokers) (8)	1172.75	−0.4	8.92	4.09	14.55	20.59	1177.88	1174.46	1175.38	1138.32
68	Merchant Banks (11)	351.86	+0.2	—	3.11	—	1.60	351.23	349.43	347.95	234.53
69	Property (51)	751.33	−0.1	5.51	3.49	23.93	4.13	752.44	753.34	748.20	643.18
70	Other Financial (23)	343.55	—	8.02	4.32	15.28	2.87	343.37	343.15	342.99	290.30
71	Investment Trusts (103)	735.29	+0.2	—	2.98	—	5.78	734.13	735.43	738.66	609.78
81	Mining Finance (3)	284.74	+0.9	12.57	5.60	9.27	6.11	282.29	285.27	285.59	289.48
91	Overseas Traders (14)	687.57	+0.1	12.81	6.81	9.90	11.72	686.67	684.30	683.59	673.47
99	ALL-SHARE INDEX (736)	783.64	+0.4	—	3.92	—	9.77	780.41	775.83	772.94	642.98

	Index No.	Day's Change	Day's High	Day's Low	May 20	May 19	May 16	May 15	May 14	Year ago
FT-SE 100 SHARE INDEX §	1591.9	+6.1	1594.8	1585.9	1585.8	1573.1	1564.9	1575.7	1594.3	1333.8

FIXED INTEREST

	PRICE INDICES	Wed May 21	Day's change %	Tues May 20	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	124.38	+0.22	124.11	—	4.58
2	5-15 years	146.47	+0.47	145.78	—	4.58
3	Over 15 years	153.64	+0.75	152.49	—	5.67
4	Irredeemables	172.07	+0.85	170.62	—	6.67
5	All stocks	141.45	+0.44	140.83	—	4.81
	Index-Linked					
6	5 years	113.24	+0.04	113.19	—	0.81
7	Over 5 years	119.93	−0.13	120.08	—	1.21
8	All stocks	118.71	−0.10	118.83	—	1.14
9	Debentures & Loans	122.43	+0.34	122.02	—	4.76
10	Preference	89.36	−0.03	89.39	—	2.97

	AVERAGE GROSS REDEMPTION YIELDS		Wed May 21	Tues May 20	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	7.59	7.69	10.59
2		15 years	8.73	8.78	10.79
3		25 years	8.75	8.80	10.42
4	Medium Coupons	5 years	8.84	8.92	11.51
5		15 years	9.03	9.11	11.05
6		25 years	9.04	9.12	10.59
7	High Coupons	5 years	8.99	9.05	11.58
8		15 years	9.16	9.24	11.20
9		25 years	9.10	9.18	10.74
10	Irredeemables †		8.66	8.74	10.17
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	3.59	3.60	[illegible]
12	Inflat'n rate 5%	Over 5 yrs	[illegible]	[illegible]	[illegible]
13	Inflat'n rate 10%	5 yrs	[illegible]	[illegible]	[illegible]
14	Inflat'n rate 10%	Over 5 yrs	[illegible]	[illegible]	[illegible]
15	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
16		15 years	[illegible]	[illegible]	[illegible]
17		25 years	[illegible]	[illegible]	[illegible]
18	Preference		[illegible]	[illegible]	[illegible]

§ Opening index 1594.2; 10 am 1589.6; 11 am 1586.5; Noon 1590.7; 1 pm 1591.3; 2 pm 1591.9; 3 pm 1593.1; 3.30 pm 1593.8; 4 pm 1593.1

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Assoc. Brit. Ports	590	+32
Bass	790	+22
Beecham	376	+11
Boots	268	+13
BP	575	− 3
GEC	194	+ 6
Gus A	£10⅛	+ ⅛
Harris Queensway	268	+12
Ladbroke	336	+12
Shell Transport	785	− 3
Telephone Rentals	220	+10
Whitbread A	291	+ 1

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Amstrad	22	542	−23
Brit Aerospace	19	551	+21
Fine Art Devs	17	158	+18
Appledore AP	15	260	−50
Boots	14	255	+ 7
Clarke Hooper	14	155	—
Hestair	13	170	+ 5
ICI	13	891	+ 7
Mowlem (J.)	13	362	−10
Saatchi Stchi†	13	35pm	+ 5
Cons Gold Fs	12	447	−11
BP	11	578	+16

† Nil-paid

EUROPEAN OPTIONS EXCHANGE

Series: Gold C, Gold P, $/FL C, $/FL P, ABN C, AEGN C, AH C, AKZO C, AMEV C, AMRO C, GIST C, HEIN C, HEIN P, HOOG C, KLM C, NEDL C, NATN C, PHIL C, PHIL P, RDSH C, UNIL C (months Aug., Nov., Feb.; Vol., Last; Stock) — figures [illegible]

TOTAL VOLUME IN CONTRACTS: 48,863

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		CALLS July	CALLS Oct.	CALLS Jan.	PUTS July	PUTS Oct.	PUTS Jan.
Allied Lyons (*321)	300	33	53	68	10	[illegible]	[illegible]
	330	17	37	45	23	[illegible]	[illegible]
B.P. (*578)	500	85	98	108	3	[illegible]	[illegible]
	550	40	58	70	12	[illegible]	[illegible]
	600	14	27	38	40	[illegible]	[illegible]
Cons. Gold (*452)	420	47	—	—	7	[illegible]	[illegible]
	460	25	47	57	30	[illegible]	[illegible]

Further series (Courtaulds, Com. Union, Cable & Wire., Distillers, G.E.C., Grand Met., I.C.I., Land Sec., Marks & Spen., Shell Trans., Trafalgar House, P. & O., Racal, R.T.Z., Vaal Reefs, Tr. 11¾% 1991, Tr. 11¾% 03/07, Beecham, Boots, BTR, Blue Circle, De Beers, GKN, Glaxo, Hanson, Jaguar, Thorn EMI, Tesco, Brit. Aero, BAT Inds, Barclays, Brit. Telecom, Cadbury Schweppes, Imperial Gr., Ladbroke, LASMO, Lonrho, FT-SE Index) — figures [illegible]

May 21. Total contracts 10,624. Calls 6,963. Puts 3,661
*Underlying security price.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (64)

BRITISH FUNDS (10) Exch. 2½pc 1986, Treas. 3pc 1987, ... [illegible] ... LEISURE (1) Tottenham Hotspur. NEWSPAPERS (1) News Intl. Spec. Div.

NEW LOWS (30)

[illegible]

WORLD STOCK MARKETS

AUSTRIA

GERMANY

NORWAY

AUSTRALIA

JAPAN (continued)

BELGIUM/LUXEMBOURG

SPAIN

DENMARK

SWEDEN

HONG KONG

ITALY

SWITZERLAND

FRANCE

JAPAN

NETHERLANDS

SINGAPORE

AUSTRALIA

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

CANADA

TORONTO

Prices at 2.30pm May 21

Total Sales 3 267 851 shares

MONTREAL

Closing prices May 20

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 35

Indices

NEW YORK-DOW JONES

	May 21	May 20	May 19	May 16	May 15	May 14	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Industrials	1,787.7*	1,783.98	1,758.18	1,759.8	1,774.68	1,808.28	1855.9 (21/4/86)	1502.29 (22/1/86)	1855.90 (21/4/86)	41.22 (2/7/32)
Transport	782.63*	785.45	771.10	771.71	776.50	786.43	830.84 (31/3/86)	686.97 (9/1/86)	830.84 (31/3/86)	12.32 (8/7/32)
Utilities	180.89*	182.08	181.72	181.05	182.34	182.70	193.73 (31/3/86)	169.47 (22/1/86)	193.73 (31/3/86)	10.5 (28/4/42)
Trading vol		113m	86m	114m	132m	132m	—	—	—	—

	May 9	May 2	April 25	Year Ago (Approx)
Ind Div Yield %	3.63	3.67	3.55	4.81

STANDARD AND POORS

	May 21	May 20	May 19	May 16	May 15	May 14	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Industrials	264.6*	263.89	260.56	260.84	261.91	265.57	271.68 (21/4)	224.88 (22/1)	271.68 (21/4/86)	3.62 (30/6/32)
Composite	236.56*	236.11	233.20	232.76	234.43	237.54	244.74 (21/4)	203.49 (22/1)	244.74 (21/4/86)	4.40 (1/6/32)

	May 14	May 7	April 30	Year Ago (Approx)
Ind div yield %	3.83	3.05	3.06	3.84
Ind P/E Ratio	17.38	17.25	16.83	11.37
Long Gov Bond Yield	7.42	7.5	7.54	10.98

N.Y S.E. ALL COMMON

May 21	May 20	May 19	May 16	1986 High	1986 Low
136.38*	136.66	134.59	134.44	141.27 (21/5/86)	117.75 (22/1)

RISES AND FALLS

	May 20	May 19	May 16
Issues traded	1,966	1,970	1,989
Rises	974	695	557
Falls	575	783	997
Unchanged	417	492	435

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day
Oak Ind	3,017,000	2	+ 1/8
Sperry CP	2,523,400	72	− 1¼
Pan Am Corp	1,976,500	6⅝	+ ⅛
K mart	1,538,400	52⅝	+ 1⅛
Wal-mart	1,133,200	43⅞	− ½
Cigna Corp	1,103,200	62¾	+ ⅛
Panhand Pl	1,083,700	39⅛	+ 1
US Steel	1,042,300	20½	− ¼
IBM	1,040,900	144¾	− 1½
Dar Kft	977,000	56¾	+ ⅜

Advances 780 Declines 711

TORONTO	May 21	May 20	May 19	May 16	1986 High	1986 Low
Metals & Minls	2,038.1*	2,046.8	closed		2,442.85 (21/3/86)	2,046.4 (16/5/86)
Composite	3,033.5*	3,038.5	closed	3,044.3	3,129.11 (18/4/86)	2,754.0 (17/2)
MONTREAL Portfolio	1,536.36*	1,537.91	closed	1,535.74	1,623.33 (16/4/86)	1,386.6 (22/1)

* Indicates pre-close figure

	May 21	May 20	May 19	May 16	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1172.5	1176.2	1197.9	1194.5	1247.0 (7/5)	1018.6 (2/1)
Metals & Minls. (1/1/80)	481.1	481.1	497.4	495.1	602.0 (24/3)	481.1 (20/5)
AUSTRIA						
Credit BK Aktien (2/1/62)	122.78	123.22	(c)	125.62	150.69 (25/4)	110.12 (5/3)
BELGIAN						
Brussels SE (1/1/80)	3688.87	3669.80	(c)	3650.56	3780.16 (24/4)	2766.91 (15/1)
DENMARK						
Copenhagen SE (3/1/83)	228.74	225.08	(c)	225.21	250.70 (18/4)	214.87 (21/1)
FRANCE						
CAC General (31/12/82)	(u)	405.5	(c)	408.60	411.5 (15/5)	287.8 (2/1)
Ind Tendance (31/12/85)	149.5	151.6	(c)	153.50	154.3 (12/5)	101.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	641.50	641.72	(c)	647.10	753.88 (17/4)	618.54 (27/2)
Commerzbank (1/12/53)	1938.0	1942.2	(c)	1960.2	2278.6 (17/4)	1865.6 (27/2)
HONG KONG						
Hang Seng Bank (31/7/64)	1794.64	1777.27	1765.02	1767.08	1865.65 (7/5)	1559.54 (19/5)
ITALY						
Banca Comm Ital. (1972)	903.15	908.20	805.58	862.03	908.20 (20/5)	454.67 (24/1)
JAPAN**						
Nikkei (16/5/49)	15808.1	15690.0	15697.5	15789.05	16194.38 (9/5)	12891.5 (21/1)
Tokyo SE New (4/1/68)	1243.02	1235.65	1237.11	1240.74	1280.65 (9/5)	1025.65 (21/1)
NETHERLANDS						
ANP.CBS General (1970)	270.6	266.5	(c)	262.8	275.8 (17/4)	240.4 (5/5)
ANP.CBS Indust (1970)	258.1	254.1	(c)	251.6	259.7 (17/4)	234.0 (5/5)
NORWAY						
Oslo SE (4/1/83)	332.28	332.25	(c)	335.88	402.51 (16/1)	332.25 (20/5)
SINGAPORE						
Straits Times (30/12/66)	590.11	590.18	593.87	593.55	644.89 (8/1)	585.54 (28/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1153.7	1148.7	1156.2	1307.8 (27/1)	1109.1 (21/4)
JSE Indust (28/9/78)	—	1161.6	1156.1	1169.6	1205.1 (20/5)	1069.5 (2/1)
SPAIN						
Madrid SE (30/12/85)	178.17	178.09	183.07	188.90	194.77 (12/5)	100.85 (3/1)
SWEDEN						
Jacobson & P (31/12/56)	2279.55	2340.64	(c)	2351.65	2572.86 (22/4)	1729.57 (29/1)
SWITZERLAND						
Swiss BankCpn (31/12/58)	569.9	560.7	(c)	568.10	625.5 (8/1)	554.7 (28/2)
WORLD						
M.S. Capital Intl. (1/1/70)	—	311.8	310.2	311.6	322.2 (21/4)	249.8 (23/1)

** Saturday May 17: Japan Nikkei 15,674.0 TSE 1,236.74.

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes

(in pence unless otherwise indicated)

RISES

Tr 11¾ 2003–07	£122¾	+ 1
Allied Irish Banks	242	+19
Assoc Brit Port	590	+32
Bass	790	+22
Beecham	376	+11
Boots	268	+13
Buckley's Brew	90	+ 7
Channel Tunnel	87	+17
Christy Hunt	62	+ 8
Clarke Hooper	167	+12
Coats Viyella	496	+16
Courtaulds	277	+ 6
GEC	194	+ 6
Hallite	265	+27
Harris Queens	268	+12
Kwik-Fit	98	+ 7
Ladbroke	336	+12
Leeds Group	175	+20
Magnet & South	174	+ 8
Manders	270	+13
Pentland Ind	695	+40
Ratcliffe (F S)	275	+40
Ratners	159	+ 6
SI Group	29½	+ 4½
Spong	26½	+ 3½
Tozer Kemsley	188	+22
Unigate	273	+16

FALLS

Irish Distill	240	−15
Robinson (Thom)	328	−19
Samuel Prop	235	− 9

Prices at 3pm, May 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 35

[redacted]

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from Page 34

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chng
72¼	45¾	Xerox	3	5.2	14	1136	58⅜	57¾	58⅛	−⅛
58¼	52¾	Xerox pf5.45		9.5		16	57⅜	57⅜	57⅜	
28¾	20⅝	XTRA	.64	2.6		14	24⅞	24¾	24¾	−⅛
17	13½	Yorkin n				191	14⅛	14	14	
37	26¼	ZaleCp 1.32		3.9		210	33¾	33½	33⅝	+1⅛
12⅞	3½	Zapata .03j				103	4¼	4⅛	4⅛	−⅛
80	47¾	Zayre	.64	.8	23	1213	76½	75¾	75¾	−½
29⅞	16¼	ZenithE				1599	27	26¼	26⅜	−⅝
36⅝	17⅜	ZenLbs .10i		.3	21	763	32½	31½	32⅜	+⅛
22⅝	14	Zero s	.29	1.5	19	17	19⅝	19¼	19½	−⅛
45¾	32¼	Zurnin 1.32		3.2	15	49	41½	41¼	41¼	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, May 21

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 33

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Optimism on downturn in oil futures

THE RENEWED weakness in oil prices kept Wall Street's financial markets steady yesterday, *writes Terry Byland in New York.*

After a slow start, bond prices moved higher and once again drew stocks upward in their wake.

The stock market opened higher as July crude oil futures dipped towards $15 a barrel in New York. However, gains were trimmed and a renewal of the advance had to wait on the upturn in the bond market.

At 3.30pm the Dow Jones industrial average was 2.48 down at 1,781.50.

Turnover in equities showed a much-needed improvement over the earlier part of the week. The downturn in oil futures on the New York Mercantile Exchange has injected optimism into stocks.

But doubts over interest rates were fuelled by Dr Henry Kaufman, chief economist at Salomon Bros, who told a television audience that foreign interest rates would have to fall before US rates could go down any further.

The chances of a cut in the federal discount rate from its present 6½ per cent is rated at only 50-50 by Dr Kaufman and then only if lower foreign rates push US money market rates down.

Prospects for lower US rates have also been clouded by the strong upward revision in GNP estimates for the first quarter. Many analysts, however, including Dr Kaufman, doubt if growth can be maintained in the second quarter at the 3.7 per cent level now estimated for the first three months of the year.

Technology stocks held firm after the strong rise in the previous session. IBM eased $½ to $145¾ – still traded briskly. NCR, which is to buy in stock, added $⅛ to $53⅛ and Honeywell at $76⅛ was $⅜ better.

Sperry again topped the NYSE actives list, easing $⅝ to $72⅝ as the arbitrageurs awaited the next move from Burroughs, which added $⅝ to $58⅞ as some buyers hedged against the possibility that its second bid for Sperry might also fail.

Also high up on the active list was Pan Am stock, which rallied $¼ from its year's low to stand at $6¼, buoyed by block trades at $6. Pan Am's transatlantic trade is vulnerable to US tourist cancellations. The domestic carrier stocks, however, gave ground – American slipping $⅞ to $56¼, and United $⅜ to $58¾.

Retail stocks enjoyed another strong session as investors responded to recent trading reports, which have indicated a buoyant consumer sector. K mart, the discount leader, jumped $1½ to $52½, and J. C. Penney, which reported higher profits a week ago, gained $2½ to $78. Woolworth at $86⅝ gained $2⅝ and Sears at $45⅝ was $⅜ better.

May Department Stores, up $¼ at $79⅝ and Federated Department Stores, up $⅛ at $79, continued to benefit from trading statements.

However, the odd man out was Wall-mart, one of this year's favoured growth stocks, which fell $¼ to $44 in brisk trading.

On the American Stock Exchange, Shopwell, the New York-based food supermarket chain, slipped $1⅛ to $34 as speculators bailed out after confirmation of merger discussions with Great Atlantic & Pacific Tea (A & P).

After expressing interest in taking a stake in Alfa-Romeo, the famed Italian car manufacturer, Ford gained $1¼ to $77¾.

Chrysler, up $1 at $38⅜, responded to recommendation from a leading Wall Street analyst who suggested that the Detroit company might consider ventures with Fiat of Italy and Nissan.

General Motors, however, eased $¾ to $75⅝, still restrained by market hints that an acquisition in the financial services area might be in sight.

There were some dull spots among the heavy industrials, notably Deere, the farming machinery maker, which fell $1⅝ to $30¾ on its report of a $33m loss.

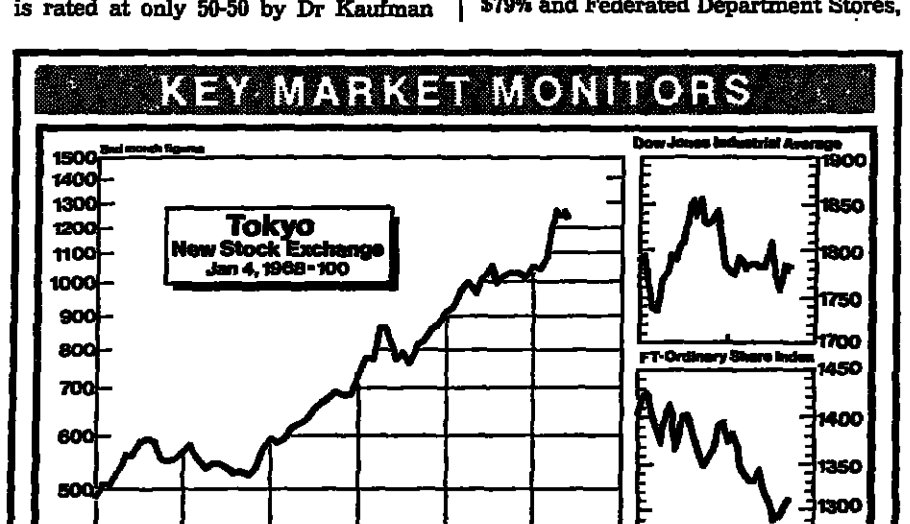
But the firm dollar failed to upset pharmaceuticals, where Merck jumped $2⅜ to $186.

Financial stocks turned easier as expectations of an early cut in interest rates faded. Citicorp shed $⅝ to $44¾ and J. P. Morgan $⅜ to 84⅞.

Firmness in the dollar gradually drew federal bonds higher, and by midsession the key long-dated issue was up half a point.

Short-term rates moved narrowly around overnight levels, with federal funds at 6⅞ per cent after another round of system repurchases by the Federal Reserve, this time for overnight.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	May 21	Previous	Year ago
DJ Industrials	1,781.50*	,783.98	1,309.70
DJ Transport	781.53*	785.45	626.22
DJ Utilities	180.84*	182.08	163.57
S&P Composite	235.91*	236.11	189.64
LONDON			
FT Ord	1,312.5	1,305.0	1,020.9
FT-SE 100	1,591.9	1,585.8	1,334.1
FT-A All-share	783.64	780.41	642.98
FT-A 500	862.77	857.93	705.49
FT Gold mines	228.0	228.6	484.9
FT-A Long gilt	9.10	9.18	10.74
TOKYO			
Nikkei	15,808.14	15,697.53	12,650.40
Tokyo SE	1,243.00	1,237.11	991.22
AUSTRALIA			
All Ord.	1,172.3	1,176.2	898.1
Metals & Mins.	481.1	481.1	574.1
AUSTRIA			
Credit Aktien	122.76	123.22	95.09
BELGIUM			
Belgian SE	3,688.87	3,669.80	2,233.78
CANADA	May 21	Prev	Year ago
Toronto			
Metals & Minls	2,030.1*	2,046.8	2,054.0
Composite	3,033.5*	3,038.5	2,739.7
Montreal			
Portfolio	1,536.36*	1,537.91	135.05
DENMARK			
SE	228.74	225.08	2,233.78
FRANCE			
CAC Gen	n/a	405.9	223.0
Ind. Tendance	149.50	151.60	80.39
WEST GERMANY			
FAZ-Aktien	641.50	641.72	438.63
Commerzbank	1,938.0	1,942.2	1,283.8
HONG KONG			
Hang Seng	1,794.94	1,777.27	1,621.22
ITALY			
Banca Comm.	803.15	908.20	318.74
NETHERLANDS			
ANP-CBS Gen	270.6	266.3	209.3
ANP-CBS Ind	258.1	254.1	170.7
NORWAY			
Oslo SE	332.28	332.25	341.52
SINGAPORE			
Straits Times	599.11	590.19	825.58
SOUTH AFRICA			
JSE Golds	–	1,153.7	1,068.9
JSE Industrials	–	1,161.6	960.1
SPAIN			
Madrid SE	178.17	178.09	81.86
SWEDEN			
J & P	2,279.33	2,340.64	1,396.35
SWITZERLAND			
Swiss Bank Ind	560.90	560.74	435.2
WORLD	May 20	Prev	Year ago
MS Capital Int'l	311.80	310.2	212.2

COMMODITIES

(London)	May 21	Prev
Silver (spot fixing)	324.80p	317.70p
Copper (cash)	£926.50	£926.50
Coffee (May)	£1,930.00	£1,912.50
Oil (Brent blend)	$14.50	$15.175

GOLD (per ounce)

	May 21	Prev
London	$339.50	$339.25
Zürich	$339.20	$338.90
Paris (fixing)	$338.95	$340.04
Luxembourg	$339.00	$340.50
New York (June)	$339.50*	$339.80

* Indicates latest pre-close figure

CURRENCIES

(London)	US DOLLAR May 21	US DOLLAR Previous	STERLING May 21	STERLING Previous
$	–	–	1.517	1.517
DM	2.242	2.241	3.4	3.4
Yen	168.70	168.65	256.00	255.75
FFr	7.1425	7.1375	10.835	10.8275
SFr	1.8645	1.869	2.830	2.835
Guilder	2.523	2.523	3.8275	3.8275
Lira	1,537.0	1,536.0	2,331.5	2,330.0
BFr	45.7	45.7	69.35	69.35
C$	1.3665	1.3715	2.0730	2.0805

INTEREST RATES

	May 21	Prev
Euro-currencies (3-month offered rate)		
£	10⁷⁄₁₆	10⁷⁄₁₆
SFr	4¹¹⁄₁₆	4⅞
DM	4⅝	4⅝
FFr	7¼	7⁵⁄₁₆
FT London Interbank fixing (offered rate)		
3-month US$	7³⁄₁₆	7³⁄₁₆
6-month US$	7⅜	7⁵⁄₁₆
US Fed Funds	6¹³⁄₁₆*	6¾
US 3-month CDs	6.65*	6.95
US 3-month T-bills	6.18*	6.20

US BONDS

Treasury		May 21* Price	May 21* Yield	Prev Price	Prev Yield
6⅝	1988	99	7.163	98³¹⁄₃₂	7.253
7⅞	1993	97¹¹⁄₃₂	7.755	97⅝₂	7.934
7⅜	1996	97⅝₂	7.81	96	7.963
7¼	2016	96²¹⁄₃₂	7.522	95⅞₂	7.655

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	May 21* Day's change	Yield	Day's change
1–30	148.96	+0.38	7.80	−0.04
1–10	142.12	+0.24	7.64	−0.04
1– 3	134.53	+0.10	7.32	−0.03
3– 5	143.78	+0.27	7.87	−0.05
15–30	173.61	+0.75	8.31	−0.04

Source: Merrill Lynch

Corporate	May 21* Price	May 21* Yield	Prev Price	Prev Yield
AT & T				
3⅞ July 1990	88.71	7.10	88.71	7.10
SCBT South Central				
10⅞ Jan 1993	105⅝	8.2	105⅝	8.2
Phibro-Sal				
8 April 1996	94.5	8.7	94.5	8.7
TRW				
8⅞ March 1996	100⅝	8.62	100⅝	8.62
Arco				
9⅞ March 2016	104	9.46	104	9.46
General Motors				
8⅛ April 2016	90⅞	9.06	90⅞	9.06
Citicorp				
9⅞ March 2016	96⅞	9.69	96⅞	9.69

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
June	96-18	96-31	96-03	96-08
US Treasury Bills (IMM)				
$1m points of 100%				
June	93.84	93.85	93.80	93.81
Certificates of Deposit (IMM)				
$1m points of 100%				
June	n/a	n/a	n/a	93.29
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	92.98	93.02	92.94	92.88
20-year Notional Gilt				
£50,000 32nds of 100%				
June	125-03	125-30	125-01	124-27

* Latest available figures

EUROPE

Encouraged by stronger dollar

THE STRONGER dollar induced many foreign investors back onto the European bourses yesterday, boosting volume and the pace of activity.

Brussels was buoyed by speculation on the detail of the Government's proposed *budget cuts, due to be released today.* A one-day strike by civil servants, in protest at the public sector cuts, had little impact on sentiment, which was more concerned with end-of-account position adjusting.

Petrofina encountered heavy trading and ended BFr 90 higher at BFr 8,130 as did Reserve, BFr 5 ahead at BFr 3,250.

Elsewhere, Sidro firmed BFr 75 to BFr 1,820, Tractional closed BFr 170 higher at BFr 5,770 and Cote d'Or advanced BFr 120 to BFr 3,980. Sofina moved against the trend with its BFr 150 fall to BFr 10,325 as did Cobepa, BFr 90 down at BFr 4,710.

Frankfurt managed a partial recovery due to the stronger dollar and sustained bargain-hunting by domestic and foreign operators alike. Banks and car makers were particularly active, with chemicals, electricals and steels firm. Engineers were mostly lower.

The midsession calculation of the Commerzbank index did not reflect the *late strength of the session.* It moved 4.2 higher to 1,938.0

Deutsche Bank led the banking sector with its DM 15 advance to DM 780 while *Dresdner finished DM 6.40 higher at* DM 410.

VW was DM 17 stronger at DM 549 on news of improved first-quarter world profits despite a slide in turnover. Daimler managed an equally impressive DM 36 gain to DM 1,326 and BMW finished a net DM 10 higher at DM 563.

BASF led the chemicals issues higher with its DM 4.50 rise to DM 273.50 while, among blue chip electricals, Siemens was DM 6 ahead at DM 603.50. AEG picked up DM 2 to DM 303 although computer group Nixdorf slipped DM 1 to DM 569.

The bond market was strong after the higher overnight performance on Wall Street. *Domestic investors opened* significant fresh positions although foreign *buyers were notably absent.* The Bundesbank increased its market balancing *operation to sales of DM 72.8m of* domestic paper against purchases of DM 19.9m on Tuesday.

Widespread profit-taking turned a mixed opening in Milan into a broadly lower close. Insurers and select industrials featured with Generali L1,750 lower at L164,750. Fiat lost L489 to L16,010 while Montedison surrendered L139 to L3,850 ahead of plans to raise investment in the insurance sector.

Zurich also enjoyed the benefits of the stronger dollar and steady foreign buying. Leading transport stock Swissair reversed an opening loss to finish SFr 10 higher at SFr 1,730. In banks, Crèdit Suisse firmed SFr 10 to SFr 3,770

Paris steadied after a mixed opening *although end-account liquidation* and profit-taking by foreign investors dominated *late trading.*

Beghin Say opened at FFr 520 but suffered *some profit-taking to finish at FFr* 508, a rise of FFr 18.

Stockholm turned *sharply lower amid* concern over the economy, higher-than-expected April inflation figures, *doubts* over interest rate prospects and threatened labour unrest.

Amsterdam gained ground ahead of the election result. Foreign buying was evident amid the stronger dollar.

Madrid firmed in light trading

TOKYO

Blue chips move into spotlight

A SHARP FALL in US interest rates and Wall Street's advance overnight bolstered share prices which surged in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Blue chips were heavily traded early in the day, while buying interest shifted to speculatives and stocks with hidden incentives in the afternoon, although leading shares were still out of favour.

The Nikkei average gained 118.16 from the previous day to 15,808.14. Volume increased to 482m shares from Tuesday's 315m. Advances outpaced declines by a wide margin of 532 to 303, with 140 issues unchanged.

Blue chips came into the spotlight, helped by the *dollar's firmness against* the yen. Hitachi rose Y16 to Y895, while NEC, *Matsushita* Electric Industrial and Nippon Kogaku added Y20 each to Y1,510, Y1,490 and Y1,100 respectively.

Nihon Nosan Kogyo topped the active list with 18.51m shares traded, leaping Y80 to Y485 on rumours of its stock being cornered.

Small and medium-sized blue chips were also bought. Citizen Watch gained Y33 to Y577, supported by brisk demand and the issue was the second most active stock with 17.12m shares changing hands. Alps Electric jumped Y100 to Y2,070, supported by recent rapid recovery in the company's orders.

Buying interest in blue chips faded toward the morning close. Instead, speculatives and issues with hidden incentives were traded in the afternoon session for short-term capital gains.

This apparently shows that the market is still in a correction phase, a major securities house official said.

Both JDC and Tobishima moved violently. JDC, ninth busiest with 7.68m, jumped Y29 to Y493, while Tobishima, 10th with 7.40m, rose Y9 to Y834. Nichiro Gyogyo and Tokyo Tanabe advanced Y16 and Y69 to Y469 and Y869, respectively.

Janome Sewing Machine gained Y100 to Y2,390, Nitto Boseki Y30 to Y650 and *Meiji Seika Y21 to Y760.* These issues were hunted on speculation over urban redevelopment projects.

Nippon Oil and Fats added Y20 to Y920, helped by plans to expand its pharmaceutical division.

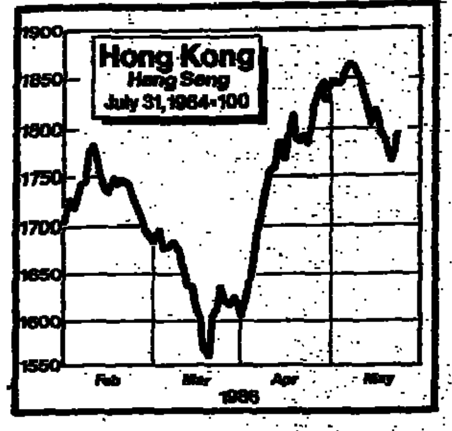
Consumer stocks got off to a strong start in response to Wall Street's over*night rise, but their popularity lost mo*mentum later in the day.

*Tokyo Electric Power closed Y40 high*er at Y3,690. Mitsubishi Estate gained Y20 *to* Y1,770 and Kajima Y14 *to* Y753.

Bond prices firmed in reaction to a steep overnight decline in the yield on 30-year US Treasury bonds.

The yield on the benchmark 6.2 per cent government bond maturing in July 1995 fell to 4.785 per cent from Tuesday's 4.845 per cent. The yield on the 5.1 per *cent bond due in March* 1996 also dropped to 5.1 per cent from 5.160 per cent.

Institutional investors sat on the sidelines, concerned over the *market's direc*tion. But some trust banks and rural-based *financial institutions* offered small-lot buying in view of yield rises caused by the slumping bond futures market since the beginning of this week.



HONG KONG

OPTIMISTIC data on manufacturers' orders and hopes that domestic interest rates would fall pushed stocks sharply higher in Hong Kong.

The Hang Seng index gained 17.67 to 1,794.94, while the Hong Kong index advanced 10.61 to 1,116.58.

Overseas demand for Cathay Pacific, which was listed last week and promptly surged above its HK$3.88-a-share offer price, injected strength into the market.

The airline rose 25 cents to HK$5.60 while Swire Pacific, which has a controlling interest in Cathay, added 20 cents to HK$12.70 and Hongkong Bank, the other major shareholder, gained 10 *cents to HK$7.00.*

Utilities advanced. Hongkong Tele*phone added 30 cents to HK$11.40,* China Light 10 cents to HK$20.80 and Hongkong Electric a *similar amount to* HK$8.95.

SINGAPORE

BLUE CHIPS were the flavour of the day in Singapore as foreign investors, and even some local buyers, made selective purchases.

Prices firmed for the first time this *week and the Straits Times index crept* ahead 8.92 to 599.11.

On the actives list, UOB *attracted* 2 cents to S$3.14, TDM rose 6 cents to S$1.08 while Singapore *Airlines* remained unchanged at S$6.05.

Elsewhere, Fraser and Neave *added* 5 cents to S$5.85, Inchape 6 cents to S$1.26, DBS 10 cents to S$5.20 and Malayan Banking 5 cents to S$2.91.

LONDON

Industrials and stores find favour

THE OVERNIGHT surge on Wall Street gave an early boost to stocks and government securities in London yesterday.

Initial activity was seen among blue-chip industrials while the firmer trend was sustained by a late flurry of activity in the stores sector.

After fluctuating throughout the day, the FT Ordinary share index ended 7.5 higher at 1,312.5 – making a rally of 20 points this week – and the FT-SE 100 rose 6.1 to 1,591.9.

Boots was traded briskly in the wake of recent bid rumours to close up 13p at 268p, while the brewer Bass rose 22p to 790p, following news of interim figures well above expectations.

Gilts recorded rises of ⅞ and sometimes more in response to strong gains in the US bonds.

Chief price changes, Page 33; Details, Page 32; Share information service, Pages 30–31

AUSTRALIA

BARGAIN-HUNTING pulled prices lower in Sydney, but BHP continued to lend some support to the market.

The industrial group, Australia's largest publicly-listed company which is caught in a complicated takeover tussle, added another 22 cents to A$8.50 as 25.4m shares, or 3 per cent of its shares traded, changed hands. Other players in the BHP game included Bell Resources, down 15 cents at A$4.10, Bell Group, steady at A$8.60, and Elders IXL, 20 cents lower at A$4.20.

Despite a rise in interim profits, National Australia Bank dropped 12 cents to A$5.56

CANADA

THE FIRMER Wall Street showing did nothing to inspire Toronto, where prices faded in sluggish trading.

After Tuesday's gains, oil issues eased on weakening world prices. Texaco Canada lost C$⅜ to C$28⅞, Dome Petroleum moved 2 cents lower to C$1.70 and Hiram Walker Resources gave up C$⅛ to C$36⅝.

Banks firmed slightly in Montreal but most other sectors suffered declines.

SOUTH AFRICA

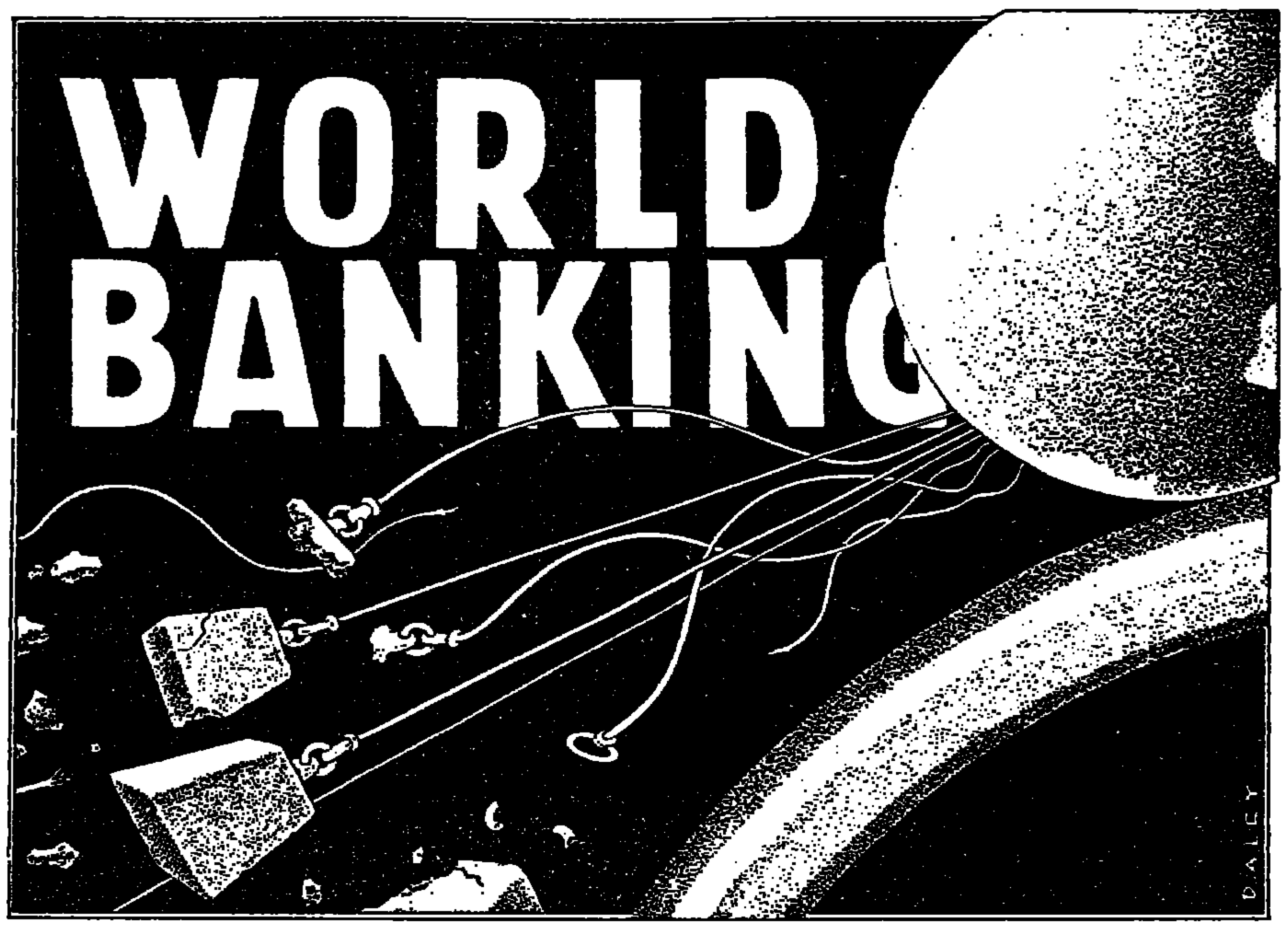
WORRIES over the future direction of *the rand dampened sentiment in Johan*nesburg where shares, especially in the *gold sector,* ended easier.

Kloof shed 25 cents to R21, Deelkraal 15 *cents to R7.45, while Driefontein* added 25 cents to R51.

هكذا من الأصل

SECTION III
FINANCIAL TIMES SURVEY
Thursday May 22 1986

As the Third World debt problem appears more containable, optimism pervades the banking world. With a global market in sight, bankers are preparing for new challenges and risks.



PART ONE

PART TWO of World Banking survey will appear tomorrow, and will include reports from the United States, Canada, Latin America, Turkey, Scandinavia and Western Europe.

Statistical material for this survey was supplied by the Market Intelligence Department of the National Westminster Bank.

A time to map new strategies

By David Lascelles, Banking Correspondent

FOR TWO REASONS being a banker is almost enjoyable again.

One is that the world banking industry has reached the point where it can cease to worry that it will be destroyed by its biggest bugbear, the Third World debt problem. Thanks to one of the longest world economic recoveries since the Second World War, banks operate in a much safer environment than they did four years ago when the crisis broke and they have had time to build up bigger reserves against any shocks.

The other is that the future is no longer a matter of grim survival, but of grasping some of the most exciting opportunities that have presented themselves to bankers since the great international expansions of colonial days. Globalisation and securitisation may be ugly words but together they amount to a fresh era in banking which only the timorous could find unstimulating.

Not that bankers are out of what one of them calls "the valley of the shadow of debt." Most recently, the sharp fall in the oil price has raised new questions about the financial position of big oil-exporting debtor countries like Mexico and Nigeria, and more locally of banks in the oil-producing regions of the US, notably Texas.

It has also hurt the Middle East banking market, until recently one of the most buoyant. Reports that Middle Eastern borrowers are invoking the Islamic ban on interest to avoid servicing their loans, is hastening a banking withdrawal from the area, with much of that capacity being redirected to the world's new capital exporters, the Japanese.

These developments are bound to create losses and cause some nervous moments. On the other hand, cheaper oil can only be good news for the majority of bank customers, especially since it supports recent projections by both the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD) that the economies of the industrialised countries will grow by 3 per cent or more this year and next. Last year also saw the first successful attempts to reschedule the debts of countries on a long-term basis, though the actual volume of new bank lending was negligible.

The major question on the debt front is how to maintain the momentum of the initiative launched by Mr James Baker, the US Treasury Secretary, which everyone agrees is a "good thing" provided somebody else acts first.

His proposals were that Third World countries should try harder to adjust their economies to their more straitened circumstances, in return for which the multilateral agencies would increase their financial support, and commercial banks would step up with $20bn over the next three years for a selected group of 15 countries.

The initiative has been hailed for its emphasis on growth rather than austerity as the way forward. Because it bears the stamp of a high figure in the US Administration which previously seemed to show little interest in the debt crisis, it has been a morale booster.

A good deal of the support, however, was orchestrated by central banks, anxious for a bit of action. Privately, few bankers seriously expect it to yield dramatic results, specially since, as is now becoming awkwardly apparent, the debt problem has as much to do with capital flight from debtor countries as it does with their shaky economies.

This means that the process of resolving Third World debt will probably continue much as before: a slow grind requiring a lot of patience, with the biggest benefits coming from declining interest rates.

One effect of the Baker initiative, however, has been to rekindle the debate about how the operations of the IMF and the World Bank should be improved, particularly to encourage the flow of long-term resources to Third World countries, including equity investment, and concentrate attention on strategic goals rather than just getting over the debt hump. But while bankers may be breathing more easily, they have not been spared their nasty moments.

South Africa provided a painful reminder of the suddenness with which trouble can spring up. Its moratorium on debt repayments last summer produced a short but sharp crisis in the banking markets. However the significance of the event lay far more in the attitudes of the banks, mostly American, who triggered it with their refusal to roll over bank lines.

At the same time, Barclays and Standard Chartered, parents of South Africa's largest banks, have decided to reduce their stakes, a sign of banks' growing susceptibility to political pressures.

Bank failures also continue at an alarming rate: there were 120 of them in the US last year. The Hong Kong Government has had five banking crises on its hands since last summer, and banks have collapsed in Canada and Brazil. But these are not symptomatic of deeper underlying problems in world banking. Most of thes banks failed for local reasons (overdependence on energy and agricultural lending being conspicuous ones), or fraud.

There may also be a case for saying that as the banking market becomes more global, a shake-out is bound to occur, and it is probably just as well that it is happening at a time of economic optimism, and in circumstances where the banking authorities, on the whole, have the choice of whether to allow a particular bank to fail.

After all, banking as an industry has far more members than other businesses, particularly on the manufacturing side, which also compete on a world scale, and if it is clamouring for more deregulation, it must also be prepared for a measure of rationalisation.

But in any case, the more accurate picture is not of an industry in distress, but of a banking sector with much stronger capital underpinnings. This is partly the result of much improved — almost embarrassingly large — profits, even after the provisions banks are still having to make against possible loan losses.

It also follows some well-timed forays into the capital markets, where bank paper has been snapped up as a quality investment, and where bank shares have boomed — as sure a sign as any that confidence in banks is returning.

Some of the credit goes to bank supervisors, who are maintaining their pressure on banks to beef up their capital ratios, the key measures of balance sheet strength. In some countries, however, like the UK for example, the authorities have allowed more lenient definitions of bank capital to enable banks to tap new markets. The US authorities have also pressed for higher ratios, but permitted banks to hold more capital in the form of debt rather than equity.

Another reason for ensuring that banks are in good shape is the speed of change which is propelling the large multinational banks into a new age which could be as risky as it is exciting.

As deregulation and technological advance pull the world banking market into a single great pool of capital, bankers are having to map out new strategies which, for most of them, amount to establishing sizeable presences in the major financial centres, London, New York and Tokyo, and some secondary ones as well.

The bigger challenge, though, is to transform themselves from traditional intermediaries between depositors and borrowers, into financial engineers in the capital markets, positioning themselves between investor and capital-user. Although this has long been a much more profitable business than plain banking, the higher returns are not the real reason why banks are going for it (inevitably, the more of them pile in, the fewer profits there will be to go for).

For many of them it is a matter of their survival in big league banking, and of keeping up with the needs of their large corporate and government clients which have shifted firmly in favour of the more flexible, and usually cheaper, terms available in the securities markets.

If this is indeed a fundamental trend, as most bankers think it is, then banks are in the process of becoming altered creatures: deal-makers rather than loan-makers, and this raises all sorts of questions to do with their management, culture and regulation which are addressed in more detail in this survey, and Part II to be published on May 6.

Although this prospect is undoubtedly exciting, any honest banker will admit that nobody has yet fully grasped its implications, which must extend into the next century. The need for caution is therefore great.

Maybe one can make too much of this trend. Most banks will, after all, still have branches in the high street making loans to their regular customers, and the ordinary consumer of bank services will notice little difference. But the people who run banks have reached the crest of a new ridge.

International Debt

Gains and losses from cheaper oil

ACCORDING TO Mr Antonio Ortiz Mena, President of the Inter-American Development Bank, most of the largest debtor nations in Latin America will still be experiencing payments problems at the turn of the century.

This gloomy prognosis, delivered at a press conference during this year's annual meeting of the bank in San Jose, Costa Rica, seems to fit the current general view.

So far in 1986, the troubles of oil-exporting debtors, such as Mexico and Nigeria, have put the debt crisis well and truly back on the agenda. They face an immediate and serious problem, because of the falling crude price which has squeezed their exports. Particularly in Mexico's case, the need both for new loan funds and for internal economic adjustment has seemed likely to throw the US Treasury's elaborate plan for easing the debt problem into disarray.

Yet a closer look at the problem reveals that not all is as simple as it seems. While Mexico and Nigeria face new difficulties, other debtors such as Brazil, Chile and Uruguay, which import oil, stand to gain from the fall in the price of crude as well as from the steep fall in international interest rates that has accompanied it.

In other words, the overall picture on the developing country debt crisis in the spring of 1986 is far more mixed than the well-publicised troubles of Mexico would seem to suggest. Where Mr Ortiz Mena may be right, however, is in his implicit suggestion that the debt problem has become a chronic difficulty rather than a short-run emergency.

Governments of the industrialised world have been slow to recognise this fact; but a major switch occurred last year when Mr James Baker, US Treasury Secretary, announced his new initiative on debt.

The initiative was designed to address two main problems: the urgent need for a resumption of growth in debtor countries, and the conspicuous way in which flows of commercial bank loans to the neediest among them dried up in 1985.

Mr Baker called on the banks to resume their lending at the relatively modest pace of $20bn over the next three years, which amounts to an increase in their exposure to the 15 most heavily indebted nations of some 2½ per cent a year.

Glyn Genin

Mr James Baker . . . a new initiative on debt

In return, official institutions such as the World Bank and Inter-American Development Bank would commit net new loans for the same amount; while the debtor countries themselves would undertake a new form of economic adjustment designed to realise their long-term economic growth potential.

It all looked very good on paper; but a storm of controversy arose almost immediately with a number of debtors, including Mexico, maintaining that the financial assistance offered was too modest. They would still be compelled to run large trade surpluses to meet interest payments to foreign banks. This would necessitate further restrictions on imports and damage their growth prospects.

Other countries, such as Argentina, worried about the political impact of the economic conditionality attached to the programme. Growth-orientated adjustment was all well and good, they said, but not if it involved dictating the economic policies of the debtor countries.

For their part, commercial banks bristled with resistance to the suggestion that they should put up yet more money. It took several months before banks in the main industrial countries came up with even vaguely worded and conditional commitments to play the part allocated to them under the scheme.

A common complaint on their part was that the governments of creditor nations should themselves be more willing to share the financing burden, through, for example, the extension of more export credit on favourable terms. Also worrying the banks were the billions of dollars that have flowed out of many of the debtors in the form of capital flight.

Now, however, the time is coming when the Baker plan will have to be put to the test. Both Mexico and Argentina face urgent needs for new money this year; one because of the fall in oil prices, and the other because weak grain prices have placed an additional squeeze on its balance of payments. Rescue packages for both countries are due to be negotiated over the coming months.

Already it is clear that the nature of this financing will be different from the style that has prevailed in the past. For a start, the World Bank, under its newly designated President, Mr Barber Conable, is to play a much larger role. It will become increasingly involved in working out programmes for, and financing sectoral reform in, the debtor countries so as to improve their economic performance.

Instead of lending as before on specific projects, the Bank will become involved in whole economic sectors such as agriculture and banking. Its loans will be larger, they will be disbursed more quickly, and some of them will be made in conjunction with money put in by commercial bank lenders.

Commercial bank finance for purely balance of payments purposes will be kept to an absolute minimum under the scheme. Banks nowadays prefer to tie their lending as far as possible to specific economic projects. It has become much harder for them to syndicate large balance-of-payment loans, and new incentives are needed.

No one pretends that it will be easy to persuade commercial banks to lend even the modest amounts of cash assumed under the Baker plan. What is often forgotten in the debate, however, is that persuading the debtors to adopt the kind of economic policies advocated by the US could prove even harder.

A main plank of Mr. Baker's approach is that debtor countries should rationalise their economies and open them up to greater competition, through, for example, foreign investment. In this way a stronger outlook would be created for the longer term, and sustainable growth could revive.

But that is a lot to ask of many of the countries concerned. Often it means undermining the cosy system of patronage that operates in countries with a bloated and inefficient state sector. The narrow class of privileged people who control these enterprises, and the main private sector companies as well, would see their position and influence eroded. The result would be a major structural and social change, which, bankers argue, could even unleash far-reaching political reforms in countries such as Mexico, which is dominated by a single party, the Party of Institutional Revolution.

Just as it seems unlikely that such far reaching changes can be achieved overnight, it also seems likely that the debt problem is here to stay in the medium term.

For the time being, the band-aid process applied by creditors so far seems basically set to continue, but one consolation for worried bankers is that with some countries like Brazil now performing much better there is little chance of a cartel being formed by the debtors that would really cause the whole house of cards to collapse.

Peter Montagnon

Capital Flows

Japan tops creditor nation league

SAUDI ARABIA has been replaced by Japan as the world's largest creditor nation, since the dramatic decline of oil prices over the past year.

Once the major supplier of funds to the international banking system, Opec members have begun to draw heavily on their currency reserves to offset the fall in oil revenues.

An average of estimates by four leading banks suggest that Saudi Arabia's official foreign assets had fallen to around $85bn at the end of last year, from a peak of some $140bn in 1982.

Meanwhile, Japan's balance of payments surplus on current account is expected to surge to a new record of some $80bn this year, almost double last year's result. To offset this, Japan has become the world's largest single exporter of capital, and in a separate, but related, development its banks have also become the world's largest foreign lenders.

But these two developments have also had a profound effect on the structure of international financial business. Opec members traditionally preferred to place their surplus cash on deposit with international banks, leaving it up to the banks themselves to recycle the funds to countries with balance of payments deficits.

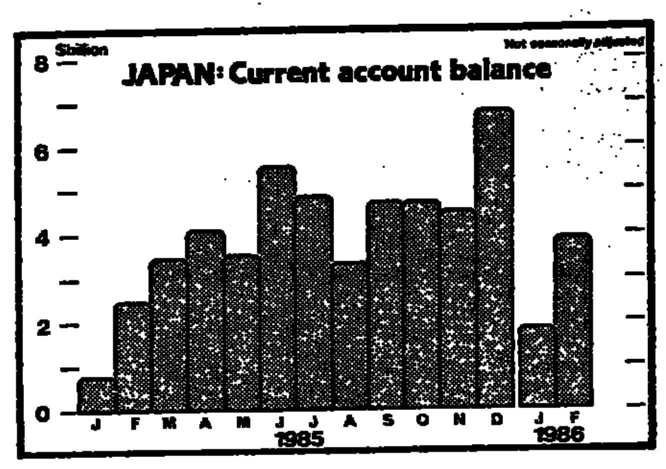
Japanese investors are more directly involved in recycling their country's payments surplus. Rather than put the money in the bank, they prefer to invest it directly in securities.

This is the economic background to the growing securitisation of international financial markets. Net capital outflows from Japan last year amounted to some $50bn. By the end of the year, life insurance companies alone had some $25bn

Japan's high savings rate coupled with a lack of domestic investment opportunities has prompted a large outflow of funds into foreign securities with high yields. The US Treasury bond market has been a major beneficiary of this, because it offers a safe haven for investors' money, high yields and high liquidity, which means that holdings of securities can easily be sold.

The outflow of funds has been one factor holding the yen down on international currency markets, despite the country's strong balance of payments surplus. After last autumn's meeting in the Plaza Hotel, New York, of the finance ministers of the five leading industrial countries, the dollar began to weaken, particularly against the yen.

This, coupled with the prospect of a further surge in the payments surplus this year, has led the authorities to relax restrictions on foreign securities purchases by Japanese residents in the hope they will step up their activity.



Insurance companies may now hold 25 per cent of their assets in foreign investments, compared with just 10 per cent before, though the weakening dollar has for the time being restrained the outflow. In March, life insurance companies were net sellers of foreign bonds—to the tune of $800m—for the first time since November last year.

Nonetheless, the prospects are that Japanese investors will continue to be large buyers of international securities this year, though some bankers believe they could begin to switch their emphasis towards equities which they have hitherto neglected and away from bonds.

The frenzy of Japanese buying has spilled over into the eurobond market, helping to promote a surge of new issue activity last year. According to the Organisation for Economic Co-operation and Development, new eurobond issues surged to a record $135bn. Adding to this figure international bonds issue in domestic markets brings the total even higher to $167.7bn. By comparison, syndicated bank lending, once the mainstay of international capital market business, dwindled to a mere $43.2bn, a drop of 24 per cent on 1984.

The figures for syndicated bank lending are also reflected in the sluggish growth of international bank lending as a whole, as reported by the Bank for International Settlements in Basle. At the end of the third quarter of last year, total loans outstanding amounted to some $2,346.6bn, an increase of $167bn since the start of the year.

However, the bulk of this increase reflected simple valuation changes on existing lending, as the dollar weakened against the yen and the main European currencies.

In addition, there was a technical factor in the third quarter as Japanese banks borrowed to build up their liquidity in advance of their September 30 balance-sheet reporting deadline. During the quarter the US absorbed $13.8bn, equivalent to 80 per cent of total international bank lending to the main industrialised countries.

The BIS figures thus present an underlying picture of very sluggish growth in international bank lending business. One of the bank's concerns has been that the lending market is now split, with developing countries finding it especially difficult to obtain new funds in the wake of the debt problem, while top-rated industrial country borrowers have diverted their activity away from the credit market and into securities borrowing which is cheaper.

According to the OECD, total funds raised on international capital markets last year were $283bn. Of that, no less than $233bn was raised by industrial country borrowers, with nearly two-thirds of the total represented by borrowing in the bond market.

Peter Montagnon

Former Congressman Barber Conable . . . one of his tasks will be to revive morale at the World Bank, when he becomes president in July.

International Institutions

Towards a new world order

TWO INITIATIVES launched by US Treasury Secretary James Baker, in September and October of last year, are bringing about significant changes in the roles of the "Bretton Woods sisters," the World Bank and the International Monetary Fund, in the world economy.

Although it did not the beginning of Mr Baker's disenchantment with the Reagan Administration's benign neglect of the dollar, the announcement by the five major industrial countries (G5) last September that they wanted a substantial dollar devaluation was the first practical application of a radical change in American economic policy.

It was not, however, the end of the reversal of US economic policy, for subsequently, at Mr Baker's urging, President Reagan has endorsed the idea that further effort should be devoted to studying whether to reform or improve the functioning of a world monetary system which has been prey to wide and disturbing swings in exchange rates under the current floating exchange rate regime.

This is where the IMF comes in. Although the US Treasury is conducting its own study of the monetary system, the international examination of these issues is taking place within the IMF. Moreover it is within the IMF that another strand of Mr Baker's efforts to improve economic policy co-ordination among the major industrial countries is proceeding.

The IMF is examining whether its system of monitoring the performance of the industrial countries' economies can be improved, perhaps through the creation of a system of (possibly) published "objective indicators" of the economic performance of the major countries' economies.

These indicators could be used, for example, to trigger consultations and perhaps policy changes among the industrial nations if it was agreed that they pointed to the necessity of such changes.

All of this is keeping the IMF at the centre of the debate about international economic reform, something which might not have happened if the idea of a new world monetary conference had gained support.

Mr Baker's second initiative, the so-called "Baker Plan," for altering the strategy for trying to ease the Third World debt crisis by putting more emphasis on economic growth in the Third World and, as part of that emphasis, increasing the flow of finance to Third World borrowers from the World Bank and commercial banks, is also affecting the IMF.

For, as Mr Baker made plain once again at the interim and development committee meetings of the World Bank and the IMF, in Washington in April, part of the deal, a necessary part if Third World borrowers are to use additional funds well and see a sustained improvement in the performance of their economies, is that they must undertake painful economic reforms.

Here too the IMF is being called into action, partly to reassure the commercial banks, but also because the industrial countries believe (and the borrowing countries increasingly accept) that exchange rate policy and fiscal policy are key elements of any medium-term growth strategy.

Current World Bank president A.W. "Tom" Clausen.

Mr Baker even went so far as to call in his statements to the interim and development committees, for the IMF to play a role in monitoring the more detailed or micro-economic policy reforms which traditionally have been the World Bank's forte.

The World Bank, because of its expertise in the area of sectoral and micro-economic policy formulation in developing countries, is expected to take the lead in helping developing countries formulate medium term economic growth and adjustment policies.

It has been called upon to boost, by about $6bn a year its lending to some 15 middle-income countries named by Mr Baker. Already, it has begun to draw up with these countries medium term growth strategies, and to accelerate the pace of its fast disbursing, sectoral or structural, economic policy based loans to these nations.

Although this new thrust has already begun—indeed it was already underway before Mr Baker, at the World Bank's annual meeting in Seoul last year launched the so called "Baker Plan"—the real thrust of the new lending programmes will be developed under a new president.

In July, Mr Barber Conable, a former US congressman who was the senior Republican on the House of Representatives Ways and Means Committee until he retired in 1984, will take over from A. W. "Tom" Clausen as World Bank president.

His tasks will be to revive morale at the bank, which has suffered over the past few years as it has languished on the fringes of the debt crisis watching the IMF play the leading role; to push ahead with increasing World Bank lending; to gain the confidence of commercial bankers in the World Bank's lending programmes; and, ultimately, lay the foundations for the substantial increase of perhaps as much as $53bn in its capital, which the World Bank says it will need to fulfil its expanding role in dealing with the Third World debt crisis.

Stewart Fleming

Supervision and Regulation

New barriers for old in the major markets

DEREGULATION is invariably quoted as one of the forces reshaping the world banking market.

Events like the Big Bang in London, the opening-up of financial markets in Tokyo, and the admission of foreign banks to Australia are historic by any standards. Without them the so-called "globalisation" of banking would be impossible.

Deregulation is not universal, however. In the US the regulatory barriers have been lowered not one inch, and in other markets the easing of regulatory barriers in one area have been accompanied by the introduction of new barriers in others.

British banks, for example, may be able to join the London Stock Exchange now. But they are likely to be more tightly supervised by the Bank of England under a new Banking Act due next year.

Geographically, the barriers to entry are being lifted in pretty well all major banking markets outside the Communist world. Norway, Sweden, Portugal and Australia are the most recent to admit foreigners. Even China is beginning to grant licences to foreign banks.

For most banks the biggest geographical barriers remain in the US, where the limits on inter-state branching still make true nationwide banking impossible. Large banks, which have gained access to new state markets by rescuing ailing banks in them, try to make light of this by pointing to their countrywide networks of offices.

But the alarm with which they have reacted to the growth of regional bank groupings now allowed by states in the South East and New England, for example, shows that this still rankles.

Nor has there been any movement in the US towards reform of the Glass-Steagall Act, which prevents banks underwriting and dealing in corporate securities. With anti-bank feeling running high, the political climate is clearly not right for the wide-ranging review of bank legislation that both the banks themselves and the US banking authorities want.

The recent court decision which effectively debars banks from the commercial paper market—a "grey area" which the banks hoped to exploit—was also a major setback.

No wonder many bankers take a somewhat jaundiced view of all the talk about deregulation.

More accurately, the current trend marks a shift in the emphasis of regulation rather than an easing. If there is a pattern it is for countries to deregulate their financial markets by allowing more institutions to enter them, but to impose tighter controls on those institutions because they are exposing themselves to greater dangers.

Why there should be this great shift in regulation is itself an intriguing question. Clearly, the political motives vary between Australia, where there is a Labour government, and the UK, where the Conservatives are in power.

But there are two common themes. One is the rapid advance made by advanced communications and computer technology which makes nonsense of many of the barriers erected to keep banks out of markets.

The other is the popular view that regulation gives banks undeserved protection from the full blast of competition and that financial markets can be made more efficient if they are opened up, particularly for governments which have to borrow in them.

The question for US banks now is just how much of a handicap this will be as they try and establish themselves in the global securities markets. Some bankers are worried that even if they do find loop-holes here and there the ban could still prevent them building up the credibility of their securities operations among their corporate clients.

By contrast, both London and Tokyo have made some headway in product deregulation. With the London Big Bang, due on October 27, banks will be free to enter the whole spectrum of the UK securities markets from equities to government stocks: and, not surprisingly, dozens of foreign banks have seized this opportunity which is not available to them on their home markets.

Movement has been slower in Japan, which also has Glass-Steagall-type legislation. However, the Tokyo authorities have yielded to foreign pressure to allow several overseas banks to open securities branches as well as regular banking branches.

The banks' growing opportunities, particularly in new technology, and the inventiveness with which they have tackled them, have forced bank supervisors to respond by updating their own rules and regulations. For them the challenge is to prevent banks acting imprudently, but without stifling the markets.

In the UK a new Banking Act is in the making. Although it comes partly in response to the failings of banking supervision exposed by the Johnson Matthey Bankers affair it is also designed to give the Bank of England stronger powers to keep banks in order and obtain information from them about their activities.

At the same time the Bank itself has reorganised its top-level supervision team to enable officials to keep track of the new activities banks are engaging in, particularly in securities markets.

The Bank of England has also taken the lead in trying to curb the growing off balance sheet business which has been one of the features of the securitisation trend. Last year it said that any commitments by banks to underwrite issues of notes (which do not appear on the balance sheet) must be underpinned by capital because there was a risk of loss.

The matter has also been taken up by the Basle Committee of international bank supervisors (chaired by Mr Peter Cooke of the Bank of England) which in March issued its own document identifying the risks and advising banks which did not understand them to stay back.

The technicalities of the document were, in a way, less important than the fact that this marked the first time the Committee had tried to co-ordinate banking regulation at the supranational level, for previous efforts were aimed at marking out the responsibilities of national supervisors—the Basle Concordat—and finding common definitions of banking concepts like capital.

Although the document did not go so far as to set a universal capital standard for off balance sheet business, it did the next best thing by identifying a problem and proposing remedies.

In effect, the document marked the beginnings of the "globalisation" of supervision in parallel with the coming together of the global markets.

More evidence of the convergence of banking supervision has come in recent months with proposals by both the US and Japanese banking authorities to adopt the risk asset approach to measuring capital adequacy.

This method, which has been used for some time in Europe, assigns a different risk weighting to classes of assets, like loans, government bonds and letters of credit, and enables a capital ratio to be calculated on the basis of the risk in a bank's book rather than just its size.

In January the US Federal Reserve put forward proposals for a risk asset system which, if accepted, would be adopted later this year. Japan is expected to do the same this summer.

Although the classes of risk used by each country are still different, European supervisors believe that these initiatives mark a big step towards the true co-ordination of international banking supervision made necessary by developments in the market, which is now so fluid that even minor discrepancies in capital or regulatory requirements can have a big impact on where banking business gets transacted.

David Lascelles

Syndicated Loans

Margins suffer in the scramble

THERE IS no greater casualty of the process of securitisation in international capital markets than the syndicated loan market. While volume in international bond issues soared to records last year business in syndicated loans slipped to $43.2bn from $56.8bn in 1984.

This is a far cry from its peak of over $100bn just a few years ago and it reflects a number of factors that have combined to work against the syndicated loan market as the process of disintermediating banks out of the international lending process took hold.

First, the developing country debt crisis has destroyed the creditworthiness of many countries, particularly in Latin America, that were among the largest customers of the market before 1982. Second, better-rated customers in industrial countries have switched their attention to the cheaper borrowings available in international bond markets. As oil prices and interest rates dropped, their net needs for new funds have also become smaller.

As a result, there has been less and less lending business for banks to do. With the exception of Eastern European countries which raised record amounts last year most of the market's traditional customers pruned back their activity severely, forcing loan margins down as banks scrambled for a share of dwindling total business.

So far in 1986 this process has continued and loan interest margins have sunk to record lows. Such is the state of demand for loan assets that a recent $300m, ten-year credit for IRI, the Italian state holding company, was doubled to $600m even though it carries a margin of just ⅛ per cent over Libor, the London interbank offered rate for eurodollar deposits.

Nowadays banks find themselves caught in a nasty vicious circle. The demise of the syndicated loan market has forced them to create innovative products such as the rapidly growing euronote issuance facility and eurocommercial paper programme. These products themselves have, however, served mainly to divert business away from the syndicated loan market.

The volume of new euronote facilities was higher than that of syndicated loans last year for the first time. New facilities jumped to $50.2bn from $26.8bn, according to figures compiled by the Organisation for Economic Cooperation and Development.

In 1986 the emphasis has been on eurocommercial paper programmes under which borrowers issue short-term paper in the money markets without any underwriting or back-up credit being provided by commercial banks.

The result is that banks are having to devise new ways of making what little syndicated loan business is left more profitable. Shrinking balance sheets must be made to work harder by being turned over more frequently.

The process of securitisation has crept into the syndicated loan market too with most new deals being transferable so that they can be sold on in the market for a profit. Some large banks now expect to sell on all the syndicated loans they arrange instead of placing them on their books as a long-term asset as they did in the past.

In one sense that is a development which accords with their overall strategy of reducing their loan books so as to improve their capital gearing. But there is also a frequently voiced view in financial markets that banks can have too much of a good thing.

One problem is that the loans which can be sold in the secondary market are good quality ones, while banks are left with an ever greater concentration of unsaleable poor quality debt on their books that has often had to be rescheduled.

As the result of the IRI loan shows, what banks really want is a good supply of high quality loan business. The trouble is that demand for credit in the industrial world is now at a very low ebb. That would change with a resurgence of inflation, but with oil prices plunging almost daily to new lows there is little chance of a change of tune this year, at least for the syndicated loan market.

Alexander Nicoll

Professor Ingo Walters of New York University who argues that financial services are unusually vulnerable to protectionist initiatives

Trade Barriers

'Treat services as goods'

THE ATTEMPT to treat domestic banking laws as a legitimate subject for international negotiation has been gathering momentum.

This autumn, ministers from the world's main trading nations are due to launch a new round of negotiations in the General Agreement on Tariffs and Trade, in the hope of rejuvenating an increasingly arthritic trading system.

The idea is not merely to halt and reverse a protectionist tide that seems to be engulfing whole sectors of industrial production — steel, textiles, farm produce, electronic goods—but to start tearing down national defences in the services sectors too.

As the time draws nearer, it is becoming obvious even to those who most enthusiastically preach the virtues of free trade in services, that negotiation is going to be extraordinarily difficult, if it happens at all.

Of all the service industries, banking may prove one of the least susceptible to international agreement, for the simple reason that it is so close to the centre of national economic management. Governments can use prudential and strategic arguments to justify fierce protection of their native banking houses and strict control of foreign immigration.

Financial services are among the most structurally complicated industries in the world economy, according to Professor Ingo Walter, of New York University, author of a recent pamphlet on the subject.*

The sector is also among the most heavily regulated, "owing to the fiduciary nature of much of its business, its pivotal role in the execution of money and credit policies as well as its susceptibility to recurring crises."

It is, says Prof Walter, "a fast-moving, innovative and fiercely competitive business, one that is unusually vulnerable to protectionist initiatives on the part of those players, both large and small, who are not able to keep up."

In common with other analysts, he maintains that a more open regime is not only desirable but could be realised, if regulatory authorities round the world would agree to exercise only the minimum control necessary to protect the consumer. In other words, banking and other financial service companies should be treated, as far as possible, as if they were producers of tradeable goods.

That is very much the line taken by the US Administration, which has more or less forced the issue onto the Gatt agenda by means of some fairly crude diplomacy.

According to other trade experts, the question of protectionism in banking has been presented as a trade issue in order to make it eligible for inclusion in the Gatt talks. Only the Gatt, imperfect as it is, appears qualified to supervise a multilateral agreement or code on banking liberalisation.

In reality, according to this view, access to banking "markets" is about foreign investment, not trade, and therefore ultimately impinges on even weightier considerations like national sovereignty.

Government restrictions on foreign banks can be found in the developed economies as much as in the undeveloped, but the political opposition to liberalisation (especially liberalisation through the General Agreement) has tended to come mainly from countries like Brazil and India.

The US Trade Representative's office is keeping a dossier of the barriers its service industries encountered abroad. The latest version, published last September, describes restrictions on foreign banks in: Australia, Canada, Spain, Finland, Norway and Japan among the developed countries. The developing countries singled out for mention are: Brazil, India, Korea, Mexico, the Philippines, Taiwan, Thailand and Venezuela.

Barriers to international banking are of broadly three types, depending on whether they affect cross-border transactions, the right of establishment, or the movement of information in and out of the country.

According to the British Invisible Exports Council, cross-border banking is regulated directly by exchange controls, or indirectly by balance-sheet ratio requirements, interest rate controls, reporting requirements and fiscal restrictions. The Organisation for Economic Co-operation and Development says that only seven member countries permit completely free capital movement: Belgium, Canada, West Germany, Luxembourg, Switzerland, the US and the UK.

Freedom of establishment can be limited by a range of immigration rules, from a complete bar to the foreign presence, to local incorporation of foreign-owned subsidiaries, to a licensing system (often operated on terms of bilateral reciprocity), or other controls that limit the invader's access to deposits, central bank rediscounting and other facilities granted to natives.

The third category of restriction, that affecting freedom of movement of information — the lifeblood of any financial operation—is beginning to be seen as perhaps the most important dimension of the whole argument.

US banks in particular complain of discriminatory pricing by foreign telecommunications authorities, or artificial limits on the amount of data processing that a resident bank can do outside the host country. In these cases, the authorities may be merely seeking to enforce data protection legislation in the interests of citizens or of national security.

Once again, the barriers may be put up for sound reasons but have the incidental effect of protecting national concerns and discriminating against foreign competition.

Even if the Gatt negotiations are successfully launched this September, there is little expectation that the obscure and difficult questions raised by the subject of services will be settled for a long time.

And it may be that in the end the free traders, having set out to secure a set of legally-binding mutual concessions, will have to settle for not much more than a better understanding in the world's capitals of the benefits of banking competition.

Christian Tyler

* *Barriers to Trade in Banking and Financial Services: Thames Essay, 41, Trade Policy Research Centre, 1, Gough Square, London EC4A 3DE.*

Euromarkets

Spirits rise as inflation falls

THE EUROBOND market has been enjoying an unprecedented boom. The record volume of new issues seen in 1985 has continued into 1986, and there is no sign yet of the pace abating.

The 1985 total of $134bn, up 71 per cent on 1984, included sharply rising amounts of bonds denominated in currencies which previously played a minor part in the market—or even no part at all. During the first quarter of 1986, the $43bn total implied an annual rate of $172bn, and the currency diversification continued.

The driving force behind the growth of the market has been the general and steady decline in interest rates around the world, based on falling inflation and growing confidence that the progress made in the battle against inflation will be durable.

Borrowers, finding borrowing costs down at levels they would not have dared to dream of a few years ago, have rushed to lock in the reduced rates. Investors, feeling they are in the middle of a boom which will continue on the back of still lower interest rates and inflation worldwide, have been eager to snap up new issues.

For the dollar sector, which still represents more than half of the market, falls in interest rates may help to spur issue volume, though they do not always make for easy market conditions. The reason for this is that the Eurobond market has become preoccupied with "spreads"—the margin between yields in the Eurobond market and those on US Treasury bonds.

When interest rates fall the US Treasury market tends to lead the way. The Eurobond market's lag means that spreads over Treasuries widen, quickly making it more attractive for US corporate borrowers to tap the domestic market than to go to Europe.

Though the relationships usually return to normal eventually, a prolonged period of falling yields—especially when the US market is as volatile as it has been recently—can make it very difficult for Eurobond issuing houses to price their deals.

The Eurobond market is notorious for fierce competition between issuing houses. Attempts to price new dollar issues with typical aggression in such tricky market conditions have resulted in quite a few difficult launches, with paper remaining on managers' books for some time.

Nevertheless, the apparently inexorable rise in bond prices has meant that issuing houses can scarcely complain too loudly about widening spreads, even if they sometimes have to look jealously across the Atlantic at extraordinarily high levels of new-issue activity in the domestic US corporate bond market.

Deregulation of Continental and Japanese bond markets, as well as the rapid development of the market in swaps, have helped to broaden the currency range of the Eurobond market. The yen and Deutsche Mark sectors have expanded rapidly, and there has been heavy use of such apparently unlikely currencies as the Australian and New Zealand dollar.

Successive liberalisation measures by the Japanese ministry of finance have opened up the Euroyen market to many more borrowers and investors. From a 1984 total of only $1.4bn, Euroyen bonds reached $7bn last year and $4.9bn in the first quarter of 1986 alone. The pattern in the D-Mark market, after sweeping liberalisation last year, has been similar.

Falling dollar yields have helped to spur investor demand for bonds in higher-yielding currencies, such as those of Australia and New Zealand.

For borrowers, the development of swaps means that the currency in which you borrow does not have to be the currency you actually want. The proceeds of bond issues can be exchanged with those raised by another borrower in another currency at a different interest rate, enabling savings for both parties.

The attractiveness, to many borrowers, of fixed coupons has contributed to slower growth in the floating rate note sector of the Eurobond market. Swaps and the development of cheap floating rate alternatives, such as the Euronote market, have also helped to slow its formerly fast pace.

Peter Montagnon

Securitisation

Risk factor scrutinised

BANKS AROUND the world suffered such shocks on their loan portfolios a few years ago that it is hardly surprising they looked for safer ways to lend.

One of the results has been the enormous growth in securitisation—making debt tradable. Before, if a bank made a loan which turned sour, it was stuck with it. Now the lender has a chance of selling the loan on, even if it is at a loss.

The first signs of this trend were seen in the early 1980s when the syndicated loan market had shown the way to much floating rate note issues. The syndicated loan was a cumbersome method of getting a group of lenders together to provide finance on terms which they and the borrower agreed.

Already the Eurobond market had shown the way to much faster ways for borrowers to raise money in the fixed rate market. These issuing techniques were then applied to the floating rate market.

The floating rate note (FRN) quickly caught on amongst borrowers and lenders alike, and the growth in the number of issues and volume of money raised, though rapid, is still continuing apace. The Bank of England, in its latest quarterly bulletin, says that new issues of floating rate notes in 1985 totalled $55bn, an increase of 60 per cent over 1984.

There have been two phases in the development of floating rate notes. First, they began to replace syndicated loans, and major sovereign borrowers switched their new borrowing programmes to floaters, and even raising FRN issues to syndicated loans early. Banks, too, became large borrowers as well as lenders in the market. The demand amongst lenders for this sort of asset, with the advantages of its securitised form, caused a reduction in the margins borrowers were required to pay.

This cost-cutting encouraged yet more borrowers to come to the market, and also led to the second phase in the market's development, the refinancing of floaters with cheaper issues.

Most floaters are callable on certain dates, giving borrowers the chance to decide whether to repay the issue and refinance it. Often the first call date is as soon as one year after the issue.

Sweden, one of the largest borrowers in the international capital markets, showed other borrowers the way when it called a $1.2bn floater issue, which it had launched less than two years earlier in November 1984.

It had decided that the margin of ¼ percentage points above London inter-bank offered rate (Libor), which looked slim when the deal first appeared, had become much too expensive.

Other borrowers followed, and Sweden came back to refinance many more of its own issues in the following months. In 1984 the number of floater issues redeemed early and refinanced was insignificant. But last year the trend gathered pace and, according to the Bank of England's figures, the net amount of money raised from FRN's in 1985 was only $42.5bn of the $55bn issued.

Banks are still the main lenders in this market. Exact figures for bank's holdings of FRNs cannot be ascertained, but the Bank of England points out that floating-rate note holdings by banks in the UK totalled $29.6bn in November 1985, a rise from $10.1bn two years earlier.

It is clear that banks hold well in excess of half the floaters outstanding around the world. Margins are now so low on these bonds, though, sometimes giving holders a return under Libor, that there is little profit to be made in this kind of lending, especially for banks with a high funding cost.

Some banks have been prepared to buy issues from lesser credits in order to obtain higher margins, or to hold bonds with unusual interest rate fixings which pay higher margins, but which involve some risk—for example, at times when the yield curve slopes downward.

The floating rate note market has allowed some lesser sovereign borrowers back as borrowers in the international markets again, demonstrating that the securitisation of the risk has made it easy for banks to lend.

Securitisation has gone further than the growth of the floater market, though. More recently, a market has grown up in note issuance facilities, effectively securitising credit lines. Bank of England figures show that $49bn-worth of these facilities were arranged in 1985, more than double the volume of 1984.

Through these facilities, borrowers can rely on banks to provide short-term finance at attractive rates either themselves, or by selling notes in the market, usually for a period of five years. The banks take a fee, even if the facility is not called on, so at first sight it seems attractive business as no capital is being used. Here, too, margins have been falling as banks scramble to win the business. But these "off-balance sheet" risks raise worries for banks and regulators alike.

The fear is that borrowers would be most likely to call upon these commitments at the time when banks were least able to provide the money at a profit, or even at all. If a particular large borrower's credit rating slipped, it would still be able to call on the banks to put up funds at the rate originally fixed.

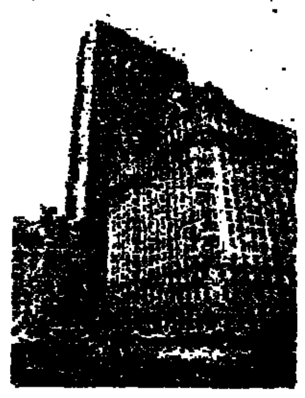
The banks would then not be able to place the notes in the market except at a loss. Worse, if there was a general squeeze on credit and a large number of borrowers all wanted to issue notes at once, the banks would find it hard to satisfy all the demands at once.

Central banks and the Bank for International Settlements (BIS) have been looking at this problem. Regulators are concerned not to drive business away by imposing tighter controls on banks in their area than in others. But they must set that consideration against the risks. The leading central banks are all studying the subject.

Last year, the Bank of England told banks that they must back Euronote commitments with capital to an amount half that required for a normal loan. The Federal Reserve has proposed a system of weightings for assets, according to the degree of risk involved. Note issuance facilities would be given a weighting of 0.3 compared with a 1.0 rating for standard loans. But a conclusive agreement on these issues is still a long way off.

One side-effect of the trend to securitisation was highlighted by the BIS. As only the better credits have access to cheaper money available in the securities markets, lesser-rated borrowers are left to raise money through traditional bank lending. That makes it even harder for some large debtors, such as Latin American countries, to service their existing debt.

Maggie Urry



New York's Plaza Hotel, where five nations agreed to bring the dollar down

Foreign exchange

Rowing with the tide

FOR THE past 12 months, the international consensus that the dollar had risen too high has offered the world's foreign exchange markets a one-way bet: the dollar would fall, and central banks would help it on its way. To the markets' participants, however, it has not always seemed such an easy bet.

From September 1985, when the US, Japan, West Germany, France and the UK agreed at New York's Plaza Hotel to act together to bring the dollar down, the US currency has fallen by 19 per cent against a trade-weighted basket of other currencies.

Against its major economic counterparts, the Japanese yen and the West German Deutschemark, its fall has been still sharper. It now stands 26 per cent lower against the D-mark and 36 per cent lower against the yen.

The exercise was a costly one for the central banks, which sold dollars to an unprecedented extent in their efforts to force an orderly depreciation. Unlike previous operations, where the authorities have tried to resist the foreign exchange markets, on this occasion they were rowing with the tide; so much of the expenditure has in fact proved to be profitable.

In the six weeks immediately following the Plaza Agreement, the New York Federal Reserve Board sold $3.2bn in the foreign exchange markets. Its counterparts in the Group of Five countries are estimated to have sold a further $5bn, while the other five central banks in the Group of Ten — Canada, Belgium, Italy, Sweden and the Netherlands — are thought to have contributed $2bn more to the operation.

Spread over six weeks, however, $10bn is a mere drop in the bucket. It represents less than a quarter of one per cent of the estimated daily turnover in the world's foreign exchange markets.

According to the Group of 30, a research organisation backed by financial institutions and multinational companies, the volume of foreign exchange trading has doubled in the past five years. In a study published late last year, the group estimated turnover in 1984 at $150bn a day, compared with $75bn a day in 1979.

London remains by far the largest centre for currency transactions, accounting for an estimated $49bn a day. Although the formal London foreign exchange market has not met for trading since before the first world war, when bills denominated in foreign currencies were traded twice a week in the Royal Exchange, the market conducted through the foreign exchange brokers and, more recently, directly between banks, has grown apace.

The dominant position of London in foreign exchange dealing matches its lead in international banking. In foreign currency lending and domestic currency lending to foreigners, the Bank of England estimates that London accounted for 24.4 per cent of world volume last year, compared to 13.6 per cent for the US and 10.4 per cent for Japan.

New York is the second largest foreign exchange centre, according to the Group of 30, with daily turnover of around $35bn, followed by Zurich with $20bn. Whereas these centres have maintained their market share, Frankfurt (with $17bn a day) and Paris (with $5bn) now account for a smaller percentage of world turnover than they did in 1979, the group says. They have lost out to the Far East, where Tokyo, Hong Kong and Singapore each account for an estimated $8bn a day.

As major industrial and commercial companies become more sophisticated in their use of options, swaps and forward transactions to cover their currency exposures, they have become less vocal in their call for less volatile exchange rates. At the same time, however, governments — especially France's — have spoken louder in favour of a more stable system. But in a $150bn a day market, driven largely by technical trading systems, volatility seems set to stay.

George Graham

Interbank market

Downgrading of Libor

THE INTERNATIONAL interbank market remains the largest single source of funds for international lending, although it has grown much more slowly since the developing country debt crisis broke in the summer of 1982.

According to the Bank for International Settlements in Basle, the interbank market totalled some $1,766bn at the end of September last year. This figure included the sum of $397bn made up of foreign currency claims within individual reporting centres. By comparison, total international lending by the world banking system totalled $2,347bn.

Yet the turmoil to which world banking markets have been subjected since the debt crisis broke and the example of Continental Illinois bank in the US, which showed how vulnerable banks are to loss of confidence in the marketplace, have encouraged many banks to look at ways of reducing their dependence on the interbank market.

In the process, one of its key reference rates, the London interbank offered rate for eurocurrency deposits, or Libor, has lost much of its significance as a benchmark for international banking transactions.

After the debt crisis banks in many countries came under pressure to improve their capital gearing ratios. One simple way of doing this was to wind down involvement in the interbank market so that total asset footings shrank. Equally important, however, has been the closer look that banks have been taking at liability management as a means of improving profitability on dwindling business volume.

Thus, new ways of raising funds have come to the fore. For example it has become possible for banks to raise longer term funds for international lending through the development both of the floating rate note market and the debt swap market. The former provides a long-term source of funds at money market-related interest rates.

The latter involves raising fixed rate finance and then swapping it for floating rate funds with the same result except that the cost is frequently well below the old Libor benchmark. As a result, funds for those banks which can operate these mechanisms have become cheaper, enabling them often to lend at interest margins which hitherto would have seemed unthinkable.

To the surprise of many market participants Belgium was able to raise a syndicated loan earlier this year bearing a margin of just 1/16 per cent over Libor, though the return to participating banks was obviously much higher.

Another increasingly common, and cheap way of raising funds is through the establishment of eurocommercial paper and certificate of deposit programmes under which banks sell securities to investors in the market place rather than taking deposits from them. The growth of such facilities has been extremely rapid this year with programmes of $500m and more for individual banks not uncommon. Not only is this method cheap, it is also flexible and enables banks to reach sources of funds that otherwise might not have been available.

Such sophisticated ways of managing their liabilities are not, however, open to all banks. Smaller banks whose credit rating is less acceptable in the marketplace find themselves excluded and have to rely on the more expensive interbank funding. So, too, do banks from countries whose credit rating may be suspect.

Even in the interbank market some of these banks, which were beginning to play a role in the international lending process before the debt crisis broke, have to pay a substantial premium for their money. The result is that funding strength, one of the key prerequisites for successful international banking, has tended to be concentrated on fewer large players, and the largest of these are now clearly Japanese institutions.

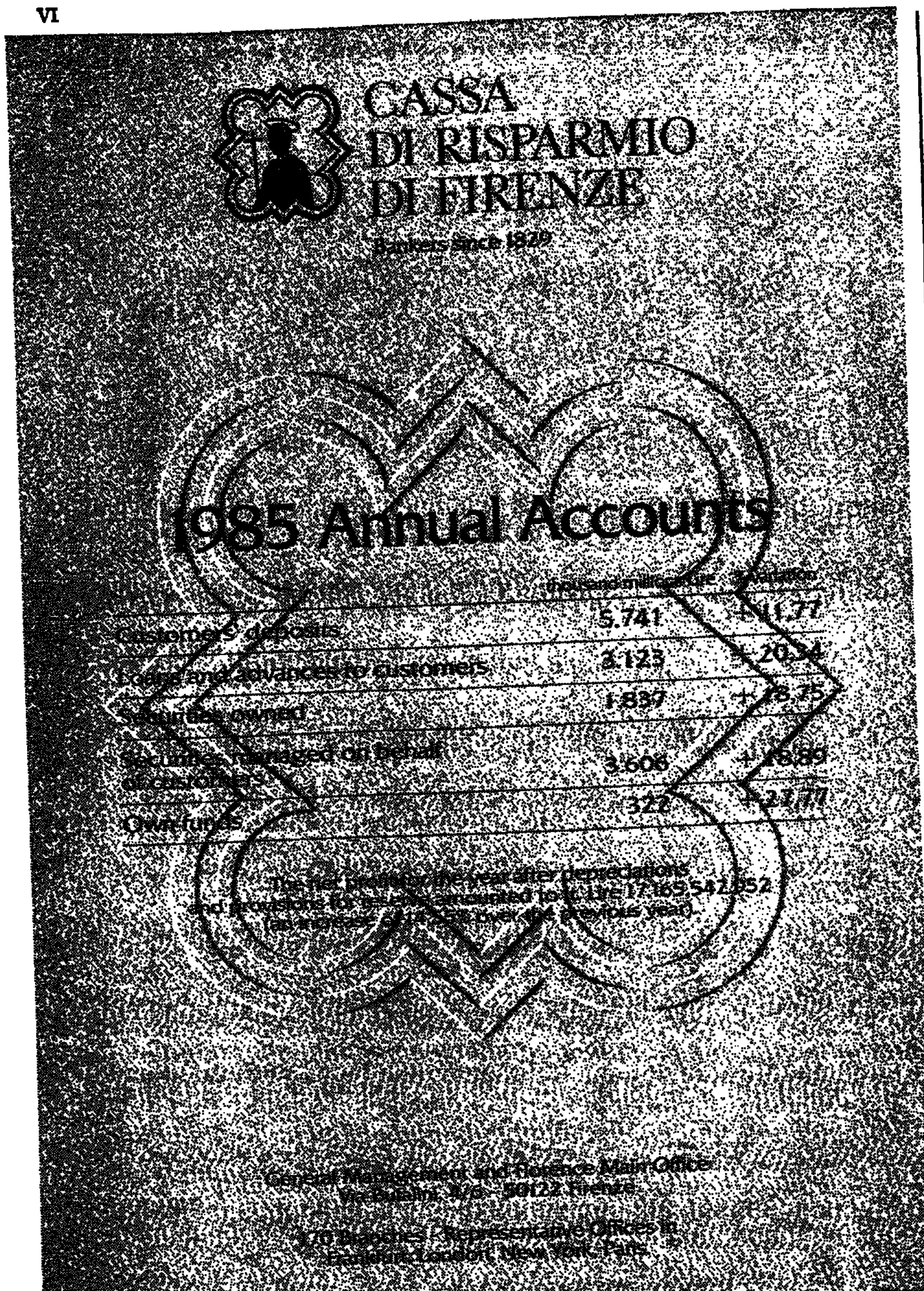
Japanese banks appear to have been less affected than their counterparts from other countries by the general mood of restraint in the banking system. Far from letting their business shrink, they have allowed it to expand, to a certain extent to fill the gap left by others. In so doing they have made full use of the interbank market both as borrowers and lenders.

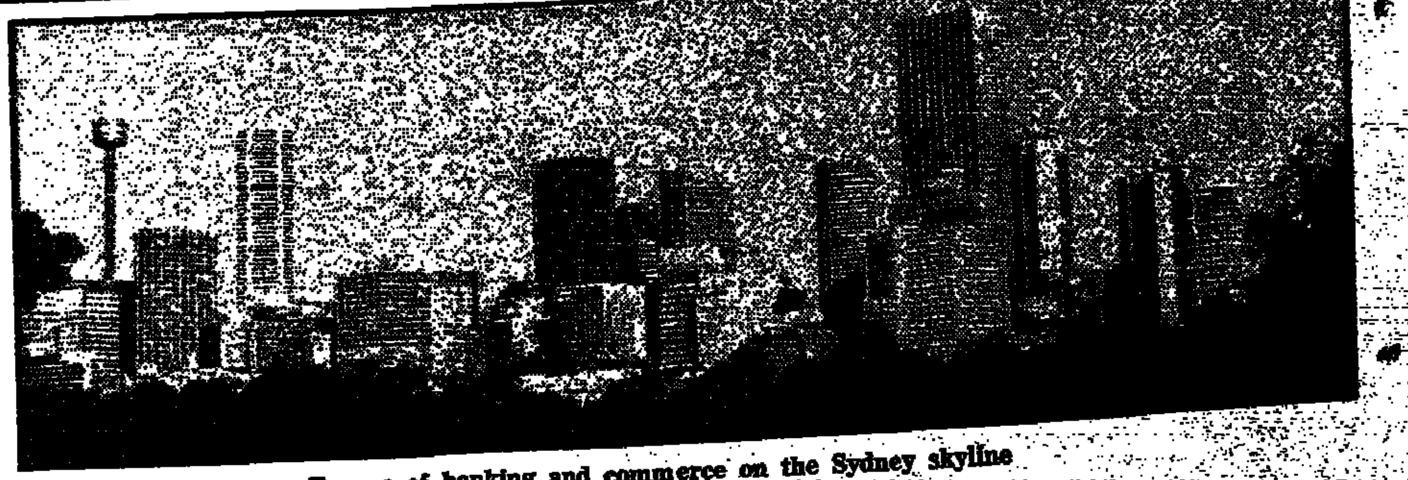
Bank for International Settlements figures show that Japanese banks had gross interbank liabilities of $337.4bn at the end of September last year, way ahead of their closest rivals, French banks with $134.4bn, and US banks with $120.7bn. Japanese banks were also large lenders of interbank funds with $284.8bn.

On a net basis, however, Japanese banks were net takers of interbank funds to the tune of $52.6bn indicating that they have consciously used the interbank market to build up their business and their balance sheets.

By contrast, US banks were net providers of funds to the banking system to the tune of $51.7bn. They were followed by Swiss banks, who were net providers of $30bn, largely as a result of the fiduciary accounts offered to customers at home which involve the collection of deposits that are then on-lent in the Euromarkets on the customer's own behalf.

Peter Montagnon





Towers of banking and commerce on the Sydney skyline

Australia

Search for specialist niches

THE AUSTRALIAN banking sector has entered a fresh phase with the licensing of additional foreign and local participants coinciding with the continued moves to deregulation of the financial sector.

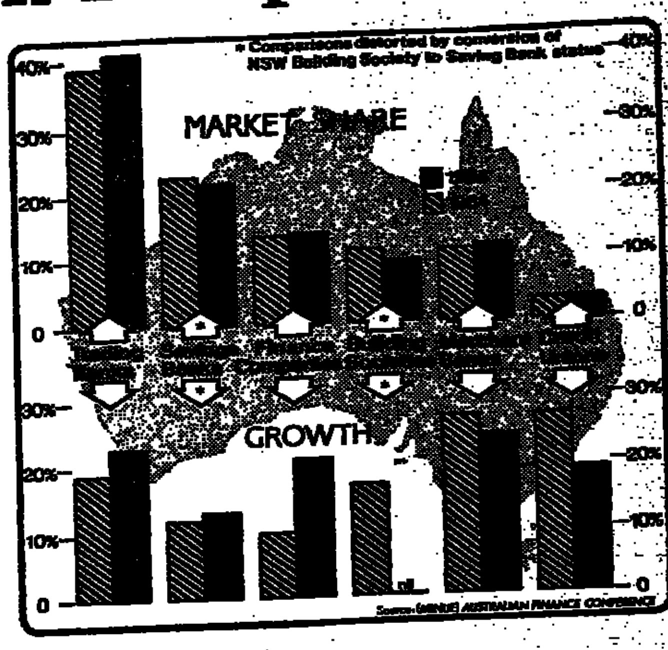
With the stragglers among the 16 newly-licensed foreign-based operators yet to open their doors as banks, the full impact of the expansion of numbers has yet to be felt, although in the run-up to the issuing of banking authorities the merchant bank and finance company arms of the big new entrants have already given a taste of the new competitive environment in the way they have chased business.

As well as the foreign entrants, bank numbers have also been swollen by the conversion of the NSW Building Society to a Stock Exchange—listed savings bank, Advance Bank, and the earlier granting of a licence to merchant bank Hil Samuel Australia, now MacQuarie Bank, while the Bank of China gained its licence as a special case.

Additionally, the four state government-owned banks have taken an increasing role in recent years by linking their state-bound automated teller networks and joining informally to provide a combined front in competing for larger-scale corporate loan business.

The response from the major domestic players has been both defensive and offensive, with each generally seking to secure domestic market share and spending heavily on office automation and automated teller and Eft/pos networks to drive down delivery cost and enhance services. New products in the investment, stockbroking and life insurance areas have been added to provide the financial suprmarkt approach to consumr banking.

This has been matched in corporate markets with a drive overseas to tap into fresh markets and to serve better existing Australian clients with international aspirations. Indeed, the licensing of new banks has assisted in the internationalisation of the Australian banking sector, allowing the major groups to upgrade to branch status in Hong Kong and Tokyo, for instance, after reciprocity requirements were met by the granting of lacal banking authorities to banks from those centres.



AUSTRALIA

	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	3.6	0.5	0.8	6.5	5.9
Inflation (%)	9.7	11.1	10.1	4.0	8.2
Current Account Balance (US$m)	−8,244	−8,159	−5,867	−8,273	−9,000
Exchange Rate: A$ vs US$	0.87	0.98	1.11	1.14	1.42
Trade Weighted Index (1971=100)	88.16	86.49	78.67	80.91	66.25
Real Trade Weigh. Ind. (1971=100)	96.36	97.18	94.41	98.72	84.32

The traditionally most international of the local banks, the ANZ, most sharply signalled the future strategy for Australian banks with its 1984 acquisition of the Grindlays Bank group while Westpac Banking Corporation's purchase of the rump of the Johnson Matthey gold banking group has furtherel its strategy of serving specialist international niches while also achieving its aim of providing part of the worldwide banking facilities for the multinational groups it serves on a branch basis in Australia.

This search for offshore business to provide growth reflects the fact that the total assets of Australian financial intermediaries, as at December 31, totalled A$210bn, about the same at the total assets of Citicorp worldwide. While the domestic "cake" will probably grow, additional domestic contestants taking a bigger slice and the scale of the international cake have pointed the direction for local banks.

Put in perspective, though, the estimated A$1bn of capital base for the new banks will support assets of some A$15bn and it is expected to take some four to five years for the banks to achieve this level, at this point, if the expected 15 per cent annual growth in banking assets is achieved, the available market will have doubled, leaving the existing banks scope to grow domestically by 12 per cent to 13 per cent, before assuming that market share can be won from other sectors.

Meanwhile, the additional bank entrants have had their competitive edge partly blunted in their initial years by the application by the Reserve Bank of a more conservative capital ratio of 6.5 per cent for the new entrants, compared with the recognised 5 per cent limit for existing bank operators.

As an offset, the new operators do not have the heavy infrastructure costs and overheads of the entrenched operators, relying on the wholesale markets for their funding base and directing themselves at the corporate market for business.

In general, though, existing and new banks will benefit from the shift in the balance of favour toward the banks in the recent years of deregulation which have seen limits on the term of deposits abandoned almost two years ago, thus ending the monopoly on overnight and very short-term borrowing previously held by the merchants.

As the banks tend to have broader financial interests, much of this shift in favour will move assets out of the merchant bank and finance company subsidiaries back to the main bank operations.

As term restrictions have eased, most interest rate controls have also been lifted with the Government moving in March to remove the interest rate ceiling on new home loans in a step designed to reactivate the housing sector by giving the savings banks the ability to attract funds in a high interest rate environment and still turn a profit on lending.

Once interest rates fall below the current 13.5 per cent ceiling it appears likely that this last restriction will be lifted for existing home loans.

The accompanying table shows the effects of the slowing of home lending on the savings banks and building societies' market shares and growth rate, while pointing to the strong growth the major banks have achieved through their trading bank arms.

This growth has been accompanied by an aggressive approach to adjusting prime rates in line with funding costs for the banks, a factor which with efforts to drive down internal costs and improve efficiencies has had a positive impact on the bottom lines of the three major private trading banks, Westpac, National and the ANZ, although the strength of the latter was masked by the low returns from its Grindlays acquisition.

Westpac rose 20 per cent to A$368m of net earnings for the last year to September 30, the National by 30 per cent to A$302m and the ANZ 7 per cent to A$302m, each after scoring stronger increases in the previous year.

The entry of new participants and accompanying increased pressure on margins, a contraction in domestic lending growth — from 19 per cent in the last September year to a forecast 15 per cent this year and down to 12 per cent next — and concentration on lower margin offshore business are expected to slow earnings growth rates in future.

Lachlan Drummond

New Zealand

Blurring the distinction

THE NEW ZEALAND Government's decision to allow any approved financial institution to set up a bank has been the most revolutionary move in the country's banking sector for 50 years.

Coming as it did along with the sweeping away of all restrictions and controls over banking activity and the removal of controls on movements of foreign exchange, the decision naturally attracted widespread interest from domestic and foreign financial institutions.

At least a score of merchant banks, finance houses, foreign businesses, insurance companies, trustee savings banks, building societies and even a large national retail chain store, originally indicated their intention to apply for one of the new banking licences.

Many undoubtedly will do so although some of the initial enthusiasm has waned as a closer analysis and understanding of the problems and risks involved in setting up a new bank have become better understood. One thing is certain: there will be a big expansion beyond the four existing trading banks, with probably about ten new banks.

Many of the hopefuls have already established planning departments to prepare for the day when they can apply for a full banking licence. It was originally intended by government to call for applications early in 1986.

However, a log jam of new legislation caused partly by the flurry of activity in all areas by the new government, has delayed the drafting and introduction of the necessary new laws. It will now probably be the end of the year at the earliest before it is known which new names will operate as a new "bank."

In some cases the move will do little more than give the organisation concerned the right to call itself a "bank" and to issue cheques. These are virtually the only two areas in which the four trading banks still maintain a monopoly by virtue of being "banks."

During the past 12 months every finance institution operating in New Zealand has taken advantage of the more liberal financial climate to expand its operations. As a result the previous divisions between banks and non-banking institutions have become blurred. To obtain approval to operate as a bank, an institution will only have to satisfy the new reserve bank that it can meet the following criteria:

- Have authorised issued capital of NZ$30m;
- Paid-up capital of at least NZ$15m;
- Good standing in the financial community;
- A well-spread shareholding or firm internal controls to prevent undue loan concentration or connected lending;
- A proven expertise in the banking area.

Any institution which can do this is expected to apply to become a bank because of the prestige this will carry and because presumably all banks will have access to the central bank, the reserve bank, which is now enjoyed by the four trading banks.

The other big move in New Zealand was the opening up of the foreign exchange market. For almost 50 years foreign exchange dealings were subject to various controls—some of them harsh—which imposed severe limits on the movement of foreign exchange.

Foreign exchange dealers have multiplied rapidly and New Zealand now has a sophisticated foreign exchange network. Its geographical position and time zone, along with the development of modern electronic communications, gives the country's foreign exchange dealers an added importance in international operations. Already, the foreign exchange market is about half the size of that in Australia—a much larger country with a much longer established foreign exchange system.

The New Zealand dollar was floated only in March 1985 and few anticipated such a swift and widespread development of the foreign exchange sector.

One development arising from this has been the move by many large companies to borrow heavily on overseas financial markets. The high interest rates still applying in New Zealand have encouraged this move. For the first time many New Zealand firms borrowed directly on the Euro-kiwi market. The high interest rates offered in New Zealand by government issues and by the banks have also attracted a big inflow of foreign funds.

After the lifting of all restrictions on interest rates an efficient short-term money market rapidly developed. At the end of last year this accounted for about 40 per cent of all deposits between $6bn and $7bn.

The relaxed financial climate has already created much greater competition between the existing trading banks and other banking institutions. During the next year there could be some mergers or takeovers in the financial sector and this should also step up the degree of competition.

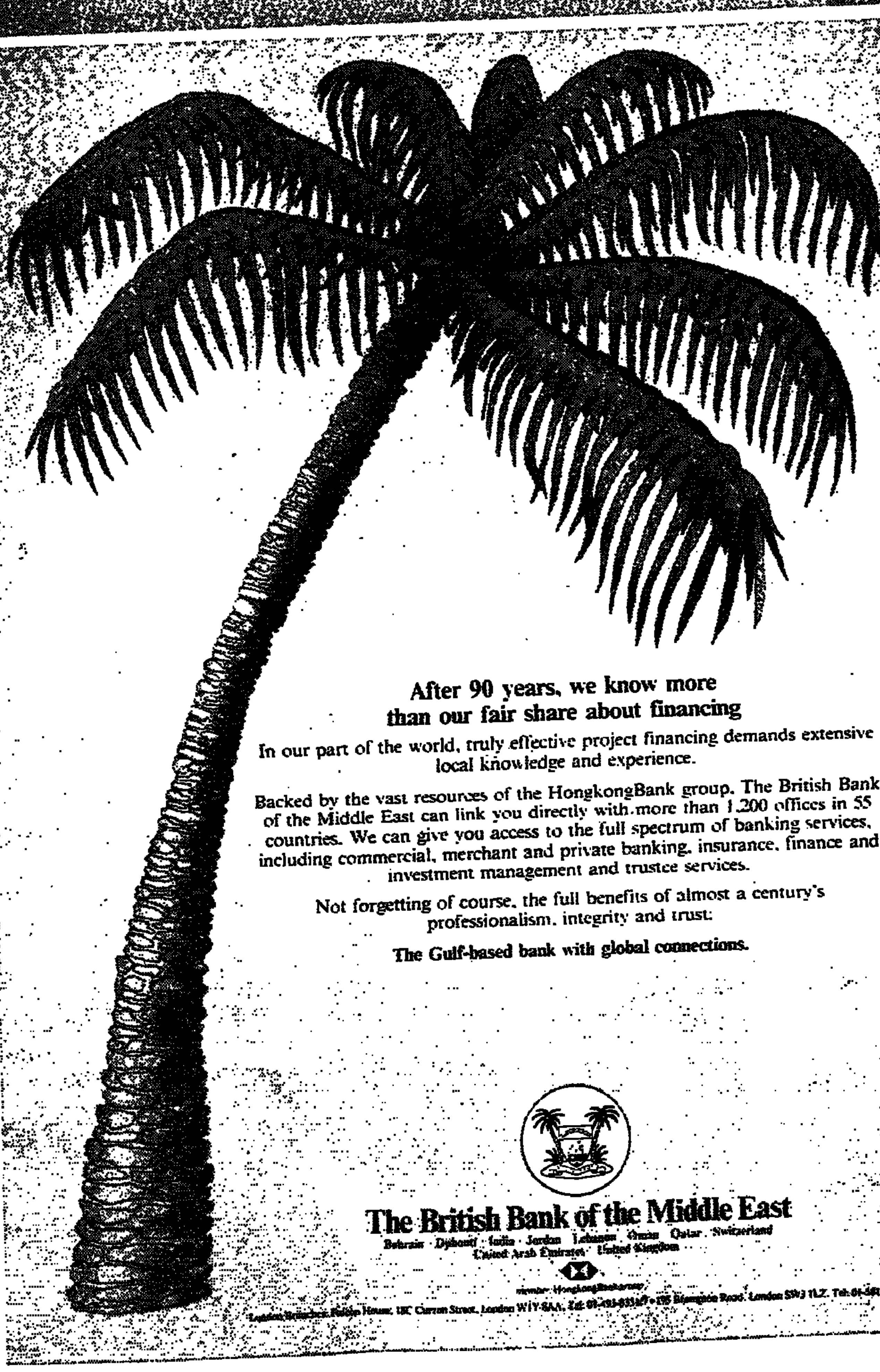
Bankers are now paying much more heed to the requirements of individual customers. Customer service departments have been improved and given much more attention and the individual retail customer should continue to benefit from this keen competition for his business.

The trading banks have all launched vigorous campaigns to attract deposit money and new customers and marketing has become an important part of bank operations.

Dai Hayward

NEW ZEALAND

	Fy 1981	Fy 1982	Fy 1983	Fy 1984	Fy 1985
Real GDP Growth (% from prev yr)	3.5	0.0	5.3	4.8	nil
Inflation (%)	15.3	16.2	7.3	6.2	15.4
Current Account Balance (US$m)	−1,353	−1,476	−1,060	−1,426	−1,100
Exchange Rate: NZ$ vs US$	1.15	1.32	1.49	1.72	2.00
Trade Weighted Index (1971=100)	69.28	66.02	62.26	58.51	52.43
Real Trade Weigh. Ind. (1971=100)	101.93	105.98	101.66	93.15	89.02



Saudi Arabia

Oil price fall hits profits

PROFITS are being squeezed in Saudi Arabia's financial sector as its banks confront an economic slowdown due to declining oil prices.

This is because the Kingdom's 11 commercial banks are struggling with an average of 25 per cent bad loans in their portfolios, higher cost of funds, and more competition. Profits have declined as banks made provisions for bad loans.

Four of them—AL-Bank AL-Saudi AL-Hollandi, United Saudi Commercial Bank (USCB), Saudi British Bank (SBB), and Saudi Investment Bank (SAIB)—did not pay dividends to foreign banking partners this year.

AL-Hollandi reported an 81.8 per cent decline in profits while Saudi British posted a 91.5 per cent fall in profits. National Commercial Bank (NCB) which is the country's biggest said that its profits fell 80 per cent. USCB lost \$4.65m while SAIB lost \$4.2m. All the other banks saw a decline in profits.

Provisions for bad loans are responsible for much of the decline. NCB added \$72.8m to loan loss provisions, giving it a ratio of loan loss reserves to loans and advances of 3.2 per cent.

In most of the world the ratio of provisions to loans and advances is around 1 per cent. A look at last year's NCB ratio indicates the severity of the problem, for then the same ratio at NCB was 2.1 per cent.

Saudi British added \$26.2m for a ratio of provisions to loans advances of 2.9 per cent. Last year, the ratio for Saudi British was 1.9 per cent.

The economic problems are caused by the decline in oil prices and production. Last year Saudi output fell from over 10m b/d to almost 2m b/d, resulting in a change in Saudi oil strategy The Saudis are now going for market share and have raised output to an average of over 4m b/d. Oil prices have fallen by over 50 per cent in some cases.

Saudi Arabia's oil-fuelled economy is suffering, accordingly, although diversification has taken place and non-oil sectors have increased. The 1986 budget has been delayed for probably five months because of uncertainty over oil prices. This move was welcomed by bankers and businessmen in the kingdom as an admission by the Government of the severity of the problem.

This slowing down of business activity, with businesses suffering from late Government payments, has been aggravated, in the banks' eyes, by their inability to collect collateral on non-performing loans. This is because payment of interest on loans is forbidden by Saudi Arabia's Islamic (Sharia) law. Coupled to this is that seizure of assets is time-consuming and difficult at best. A new bankruptcy law issued by the Ministry of Commerce may ease this problem.

The Saudi economy still offers opportunities for making money, and both the banks and the Saudi Arabia Monetary Agency (SAMA) are adapting to the new situation. The banks are getting more conservative, and SAMA is trying to establish a legal mechanism for collecting debts.

SAMA has strengthened its arbitration board, which gained legal status through its royal mandate. Bankers are now expected to put clauses in loan agreements binding both parties to go before the board in the event of a dispute. Otherwise, cases would go to Sharia courts where the first mention of interest leads to defeat for the bank. This legal tactic has not yet been tested.

SAMA has implemented other improvements. In 1985, it began requiring banks to report non-performing loans. Previously, no compilation of bad loan risks was done.

The banks now require stricter documentation from loan applicants. Many prefer foreign assets put up as collatoral. A change in Government policy appears to reverse a ban on taking mortgages, but foreign assets are more accessible.

The banks have also begun introducing Islamic banking products. Some customers take no interest on their deposits, but now require free services such as preferential foreign exchange rates or free ovedraft service to compensate.

Last year, the banks all launched drives for more low-cost deposits, but costs of deposits have risen. Staff cutting has led, however, to lower overheads for most banks, or small increases for others. Some critics say too many branches have been opened and that some consolidation should take place.

Through it all, the central bank, SAMA, is proving supportive of the Saudi banking sector. Its efforts to help have earned praise from many bankers. SAMA unobtrusively uses low- or no-cost government deposits to prop up banks. Saudi Cairo Bank was saved by SAMA after it lost \$105m because of speculation by its former general manager. SAIB and USCB also hold significant SAMA placements.

Finn Barre

SAUDI ARABIA

	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	7.9	1.7	−10.7	0.9	n/a
Inflation (%)	2.7	1.1	0.9	−1.1	−3.3
Current Account Balance (US\$m)	+38,383	−1,047	−16,293	−24,036	−20,000
Exchange Rate: Rials vs US\$	3.38	3.43	3.45	3.52	3.62
Trade Weighted Index (1971=100)	125.44	140.08	150.32	161.93	168.11
Real Trade Weigh. Ind. (1971=100)	141.27	146.89	152.98	180.75	143.55

KUWAIT

	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	−5.3	−1.4	na	na	na
Inflation (%)	7.4	7.8	4.7	1.2	1.5
Current Account Balance (US\$m)	13,778	4,873	5,115	5,570	na
Exchange Rate: Dinar vs US\$	0.28	0.29	0.29	0.30	0.30

UNITED ARAB EMIRATES

	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	2.0	−6.9	n/a	n/a	n/a
Inflation (%)	n/a	n/a	n/a	n/a	n/a
Current Account Balance (US\$m)	6,400	6,211	4,549	n/a	n/a
Exchange Rate: Dirhams vs US\$	3.67	3.67	3.67	3.67	3.67

Kuwait

Upheavals in the boardrooms

THE LAST few months in Kuwaiti banking have proved to be the most turbulent in its history.

Only half the banks have been able to announce their year-end figures for 1985, and of those already declared the picture is patchy and varied. Only two years ago Kuwaiti banks used to lead the Gulf in the promptness in publication of their accounts. Nowadays the aftermath of the Souk al Manakh stock exchange disaster of 1982 has left many institutions struggling to work out their provisions needed to cover possible loan losses.

The past few weeks have also seen major changes in the bank boardrooms and more management upheavals are on the way. The Government has also chosen to take up its rights as significant shareholders in the banks and now most of the banks have a government representative on the board. Such moves herald a new era in the old domination of Kuwaiti banking by merchant families.

All the banks in Kuwait were badly bruised by the Manakh disaster, and the resultant damage to the 1985 balance sheets is still being worked out with officials of the Central Bank. The Government has constantly emphasised that it stands behind all Kuwaiti banks and there is no question of any institution being allowed to falter.

Jassim Khorafi has pledged that cheap government deposits would be available for any bank that may need them to help it over its Manakh-related problems. Moreover, the Central Bank is in turn taking a flexible line on loan loss provisions for local debts.

Banks will be allowed to schedule their provisions over a three-year period if necessary. In return, they are being persuaded to take a "realistic" and understanding view of their customers' ability to repay.

Getting over the stock market nightmare is obviously going to take time, particularly as the country tightens its belt and trims government development spending, on which the private sector was so reliant. More and more it is the international connections of individual banks which will prove vital to future profitability.

It is the international profile which immunised the year-end figures of National Bank of Kuwait, say its officials. NBK, the oldest bank in the country, was able to declare a 20 per cent cash dividend and a 10 per cent bonus share issue. This much angered the other banks, which accused NBK of attempting to separate and distinguish itself from the Kuwaiti banking scene.

NBK officials argued that with their conservative management and overseas profile the distinction was indeed justified.

Al Alahi Bank was also able to declare a dividend of 5 per cent, but its net income fell 60 per cent from KD 9.9m to KD 3.91m. Total assets fell 5.1 per cent, while shareholders' funds increased from KD 115m to KD 117m. Nonetheless, the bank's results were better than expected.

Gulf Bank, in contrast, was forced to put aside its KD 18m operating profit into provision; no cash dividend was declared, although there was a 6 per cent bonus share issue. Gulf Bank officials say that operationally the bank did better in 1985 than in 1984, but they decided to abide religiously by the provisions classifications required by the Central Bank.

As for the other banks — Burgan, Commercial Bank of Kuwait, Bank of Kuwait and the Middle East and the Bank of Bahrain and Kuwait—negotiations with the Central Bank are still continuing.

The impact of such results has led to management changes in a number of banks. The government has appointed directors to the boards of banks in which the state shareholding is more than 10 per cent.

Other management changes are reported to have been made at Al Alahi Bank, though officials there say that so far there has been no official confirmation and that such changes could be ratified only by a general shareholders' meeting.

At the Bank of Bahrain and Kuwait the Kuwaiti directors are reported to have been replaced by senior executives of the shareholding banks in the institution. BBK officials were not available for comment, but the bank has already admitted that it has a sizeable proportion of non-performing loans on its books. A five-part plan to alleviate the problem is under consideration, officials say.

As a bank registered and headquartered in Bahrain, BBK is in a peculiar situation in Kuwait. The Kuwaiti authorities will naturally provide any assistance the bank might need to cover loan provisions required in Kuwait, but it is still only the local branch of a Bahrain bank.

Ultimately, it could be argued, such a responsibility lies with the Bahrain Monetary Agency, not the Central Bank of Kuwait. BBK officials have refused to give details of the five-part plan, and there has been a delay in publishing the 1985 figures.

Meanwhile, the Central Bank of Kuwait is finding itself under scrutiny. Parliament has insisted that a specially appointed committee be allowed to view the minutes of its board meetings. Financial observers are unsure about the committee's objectives, but in the past certain factions in Parliament have reaped enormous political benefits from any investigations.

Kathy Evans

United Arab Emirates

Doubtful loans prove painful

AS THE results season looms again banking problems in the United Arab Emirates appear far from over.

Banks are currently struggling to assess just how much should be put aside to cover possible losses on loans. For some, the process is proving particularly painful and a number of banks are reported to have asked for an extension on the time limit by which they are legally required to submit their figures to the UAE Central Bank.

Already, some of them are openly admitting that they will not be producing figures at all this year.

The history of these doubtful loans goes back to those free-wheeling boom days when local emirate and federal government departments could not spend the money fast enough. Today, with UAE oil prices hovering between \$11 and \$12.50 a barrel, the government has been forced to apply the brakes on spending and delay payments to local suppliers.

This, coupled with some unwise and at times fraudulent lending by bankers, has left a multi-billion dollar dilemma for those responsible for the financial management of the country and its banks.

Central Bank officials believe that total provisions at the end of last year probably amounted to around Dh 8bn (\$2.2bn) out of total private sector lending of Dh33.8bn (\$9.2bn). Thus, one quarter of all commercial lending in the country is already considered to consist of bad or doubtful debts, while others believe this figure to be an understatement.

This troublesome part of local loan portfolios is unevenly spread throughout the banks, but it is believed to be concentrated largely among the local and non-European foreign banks. Of this, the major burden has been assumed by the local institutions, some of which have been formed as the result of forced mergers.

Many local bankers were late entrants to this highly overbanked market of 1.4m people and came in on the tail end of the boom of the early 1970s. When the mergers began and the jumbo local institutions were formed they found themselves to be the inheritors of overwhelming problems. This legacy still plagues the larger local banks.

Hitherto it has been largely the local emirate governments which have picked up the pieces. This happened in Dubai concerning the Union of Bank of the Middle East (UBME), Emirates National Bank and Dubai Bank. In Abu Dhabi the local government was forced to fund the formation of Abu Dhabi Commercial Bank, which was born out of three troubled local banks.

Although the Central Bank played a significant role at the time of the rescue of UBME, its role as a lender of last resort has always been open to question, for the institution is not required to assume such responsibilities under the terms of its constitution.

Naturally, it would be happy to do so, given the funds. Legally, the two major emirates of Abu Dhabi and Dubai are required to channel the foreign exchange component of their emirate contribution to the federal government through the Central Bank, but at present only Abu Dhabi is doing so.

Given the loan loss provisions predicament, it has become a moot point about whose responsibility it is to act as lender of last resort. With the downturn in oil revenues there is growing pressure on the Central Bank to do so. In recent months the Central Bank has only moved to help out banks with problems less than Dh 25m (\$6.8m), but for the others the outcome will largely depend on political negotiations.

So some months after the Ras al Khaimah registered Bank of the Arab Coast declared it was in difficulties there appears little sign of any funds coming from either the Central Bank or the Ras al Khaimah Government. The bank is said to be limping along, but its doors are still open to the public.

At the time of writing it is still not clear which government is going to help out those larger banks with larger problems. There are reports though that one of Abu Dhabi's larger local banks has been the recipient of a three-month rescue operation by the Central Bank. A substantial and cheap deposit has been placed with the institution to help improve liquidity and profitability, say some officials.

There is speculation also that UBME may once again require Government funding to help it absorb the legacy of bad debts it assumed with the acquisition of Emirates National Bank and Dubai Bank. UBME officials refuse to comment but say they intend to publish a balance sheet later.

Until such problems concerning the lender of last resort are cleared up there will still be questions about the solidity of the UAE banking system. Some consideration is now being given to the creation of a deposit insurance scheme to reassure the public. But objections are believed to have come from the religious community, for some Muslims view any kind of insurance as an attempt to anticipate the will of God.

As the downturn worsens in the Emirates, so the number of debtors increases; and here the banks have had a number of problems in pursuing defaults in the UAE legal system. Courts in Abu Dhabi, and to a certain extent Dubai, will not accept the principle of compound interest.

Kathy Evans

WORLD BANKING 8

Sir John Bremridge, Hong Kong's Financial Secretary, would not disclose the size of the exchange fund used in the banking rescue.

Hong Kong

Tripwires will forestall abuse

MR ROBERT FELL came to Hong Kong from the London Stock Exchange to sweep clean the local securities industry. But when he retires next year, it will be reorganisation of the banking sector for which he will be remembered.

By the end of this summer, new banking laws will be in place which greatly reduce the scope for abuse of the local banking system. They can be expected to shore up the territory's standing as an international banking centre.

Bankers and government officials alike would agree that the new laws have entered the statute book not a moment too soon. After a year in which five local banks have foundered, there is consensus that greater supervisory powers over domestically-incorporated banks are urgently needed.

No two banks collapsed for the same reason. In some, criminality is alleged. In others, poor management or imprudent lending policies went for too long unnoticed. The new laws introduce trip-wires that ought in future to alert the authorities to danger signals at an earlier—and more manageable—stage.

In contrast with the domestic banking sector, where loan demand remains weak, and competition between banks fierce, international banking operations have remained buoyant. A large proportion of US$76.6bn capital market business conducted in the Asia-Pacific region in 1985 was handled from Hong Kong, where 150 licensed banks and over 300 deposit taking companies ensure a formidable range of banking expertise.

A question mark exists over how banking liberalisation in Japan will affect the territory as an international banking centre. Bankers generally feel that Hong Kong's advantages—excellent communications, a geographical location at the centre of the Asia-Pacific region, a body of legal, accounting and security printing expertise, a liberal tax environment and an unbureaucratic government—will protect it for the foreseeable future.

Of greater concern to the Government—and to Mr Fell as Banking Commissioner — has been the possibility that confidence in Hong Kong as a banking centre would be eroded by the all too evident problems among domestic banks, in particular the smaller family-controlled banks.

The collapse of Hang Lung bank late in 1982 could be dismissed as a symptom of a wider economic and political crisis in the economy. Public awareness of a deeper malaise only became clear when the Overseas Trust Bank (OTB) and its subsidiary the Hongkong Industrial and Commercial Bank (HICB) had to be rescued in July last year.

"The sins of the past have caught up with the industry and its supervision," Mr Richard Farrant, advisor to the Banking Commissioner, said, looking back over 1985. His prognosis for 1986 gives no cause for celebration: "Most intractable cases have now been identified. If not already dealt with, they are in the course of resolution. But 1986 seems to hold little prospect of a fundamental improvement in the business."

By the end of 1985, the Wing On Bank and Ka Wah Bank had floundered. Only last month, the Government was forced to assume management control of the family-owned Union Bank. Additional worries for the Government were challenges from political figures over decisions to tap the secret exchange fund in rescues of these banks—and questions over the drain on the fund as a result of the rescues.

Sir John Bremridge, Hong Kong's Financial Secretary, was quick to step on both of these issues. He would not disclose the size of the exchange fund but insisted that even a "worst case" assessment of the cost of government rescues would drain less than half of the surplus earned on the fund over the past four years.

He defended government guarantees to the China International Trust and Investment Corporation (CITIC) over contingent liabilities, perhaps amounting to HK$659m linked with its rescue of Ka Wah by insisting that it was "the best deal available, and cheaper than a takeover."

Intervention to shore up Union Bank marked a promising watershed. The Banking Commission's ability to move early—it assumed management control at a time when the bank was still solvent—was proof of improved bank supervision. It has also given the Government more options in tackling the bank's problems.

HONG KONG	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	9.4	2.9	5.1	9.6	0.8
Inflation (%)	10.8	10.6	9.8	8.5	3.5
Current Account Balance (US$m)	—	—	−400	1,700	1,000
Exchange Rate: H Kong $ vs US$	5.59	6.07	7.27	7.80	7.78
Trade Weighted Index (1971=100)	91.59	90.36	77.79	75.08	77.69
Real Trade Weigh. Ind. (1971=100)	91.61	96.56	89.76	91.09	96.42

A "big brother" bank is being sought, and chances of finding one are much improved by the fact the bank is still viable. If at the end of the day a "big brother" cannot be found, then an orderly liquidation cannot be ruled out—and will be easier to arrange with cash still in the coffers.

Talk of "orderly liquidation" would have been heresy a year ago, when banking officials were genuinely concerned that a bank failure would rock the foundations of the banking system, and jeopardise its position as an international financial centre.

It is a measure of recovering confidence that Sir John Bremridge could, shortly after moving to prop up Union Bank, talk of the day when the Government would not intervene to prevent the closure of a bank: "We will be ruthless in this regard, provided it does not result in serious damage to the stability and prosperity of Hong Kong," he said.

The work that Mr Fell has put into drafting new banking laws means that such a day may be approaching rapidly. Tighter banking supervision will include a strengthening of the Banking Commissioner's powers, the introduction of formal capital adequacy ratios, of rules under which banks must disclose to supervisors the true beneficial ownership of the bank and the identity of major borrowers, and of closer collaboration between supervisors and bank auditors.

But it has been clear over the past year that bank supervisors have already informally tightened bank regulation. Indeed the collapses of the past year have been regarded by some as an inevitable "shake out" resulting from greater regulatory vigilance.

The imposition of capital adequacy ratios means that many banks will over the next two years be forced to raise fresh capital. While banking profits remain low, some banks may feel there are more profitable ways of using their funds—in which case requests for voluntary liquidation of some small banks may arise.

The Government's calmer view over bank closures means such requests may well be accepted — particularly while many bankers feel there are too many domestic banks competing for too little business.

Last year 37 deposit taking companies were allowed to close without any panic being created in the banking community. The day when a bank closure can be arranged without threat to the banking sector may not be far away.

Sir John Bremridge, for one, appears more sanguine. "Given the shocks experienced in the past few years, difficulties for banks were inevitable," he said. "We have come through the period with far less damage than might have been expected."

David Dodwell

Japan

Liberalisation drags its feet

IF THE world banking community could be compared to passengers in a bus travelling down a motorway at 70 miles an hour, only a handful of Japanese bankers would be up in the front enjoying the ride.

Most of the others, including Ministry of Finance officials, would be sitting towards the back, nervously reviewing the trip so far and discussing the next destination.

The liberalisation of Japan's financial markets, begun in earnest in 1983, continues to be a long-drawn-out process. While many important concessions to foreigners have been made in the past year—such as trust banking licences for nine foreigners and seats on the Tokyo Stock Exchange for six—Japan has yet to hammer out a programme for the future of its banking system once interest rates are fully decontrolled.

In fact, a date for the full deregulation of interest rates has yet to be set.

Meanwhile, the largest banks and securities firms have been more than happy to move into other, less regulated markets. In the middle of last year, Japanese banks overtook the US as the world's largest holder of foreign assets.

The imbalance between London and Tokyo in terms of reciprocal banking activities had become such a sore point that it recently took more than two years of talks to secure one banking licince in London for Nomura Securities, Japan's largest securities firms.

Indeed, Japan's leap to international prominence as the world's largest creditor nation, with a staggering net capital outflow of $50bn last year, has prompted few moves to promote Tokyo as an international financial centre along the lines of London's "Big Bang."

For example, an offshore banking facility is under active study in Japan, but many senior Ministry of Finance officials are known to oppose granting participant's exemption from withholding taxes, the very thing that makes such markets tick.

In most respects greatness is being thrust upon Tokyo's financial community—not the other way around. That greatness has emerged from Japan's exporting prowess, which has put Japanese cars, video cassette recorders and machine-tools all over the globe.

The huge trade surpluses of the past few years have quickly obviated the need for corporate bank lending and pushed every banker worth his salt into the securities and investment advisory business.

Unfortunately, however, many of the paths to those businesses were blocked by Japan's rigid demarcation of banking activities. Long-term credit banks, for example, were set up to do just that—lend long-term.

Consider the position of Japan's 13 commercial banks, called "city banks" in Japan. so far, financial liberalisation has brought more headaches than help. The decontrol of interest rates on large deposits has raised the cost of funds and reduced their margins. At the same time they remained barred from entering the lucrative securities and trust businesses.

To make matters worse, foreign banks, such as Citicorp have been allowed into the securities business. In Citicorp's case, it was through its London-based securities house, Vickers da Costa, which recently received a seat on the Tokyo Stock Exchange.

The commercial banks are responding in two ways. First, they aim to improve productivity through computerisation, where they have a long way to go. Their staffs are large and not used to providing the quick, efficient service one expects in other Japanese service industries. In office automation Japan is well behind the US and Europe. So is the use of retailing services such as credit cards.

Second, the commercial banks are busily expanding abroad, where they can and do engage in merchant banking activities. In some cases this has been done through acquisition, such as Sumitomo's purchase of a controlling stake in Banca del Gottardo in Switzerland.

Nearer home, commercial banks are delicately dipping their toes into the acquisition game. Sumitomo recently acquired Heiwa Sogo, a Tokyo-based savings and loan bank, with an eye toward boosting its deposit-taking strength in Tokyo.

JAPAN	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	3.7	3.1	3.3	5.1	4.4
Inflation (%)	4.9	2.6	1.8	2.3	2.1
Current Account Balance (US$m)	4,770	6,850	20,800	35,000	49,300
Exchange Rate: Yen vs US$	220.54	249.08	237.51	237.52	238.54
Trade Weighted Index (1971=100)	142.03	134.15	150.40	158.85	170.60
Real Trade Weigh. Ind. (1971=100)	110.03	100.38	104.36	104.73	106.87

A wholescale shake-out of the commercial, regional and co-op banks, however, seems to be many years ahead. Takeovers in Japan are planned over months, even years, by mutual consent, and the hostile takeover game has yet to take root.

For Japan's securities firms, however, the last few years have created an unprecedented bonanza. The surplus cash has not only been pouring into higher-interest instruments abroad but also into every available Japanese securities. Last year domestic bonds traded on the OTC bond market more than doubled to Y1,274,000bn in the year to September, while sales of foreign bonds leapt by a factor of 2.2 to $42bn in the calendar year.

Pre-tax profits of the big four securities firms, Nomura, Daiwa, Nikko and Yamaichi, all jumped more than 50 per cent last year. Nomura was the leader, advancing by 56 per cent to Y210bn on revenue of Y516bn.

While these companies cannot complain about their own business, they do speak up about what they see as anomalies in the current pace of liberalisation in Japan. For example, Mr Yasuo Kanzaki, senior managing director at Nikko, points out that the money markets in Japan leaves much to be desired.

For instance, he says, the daily trading volume in short-term government securities in Japan is about the same as in the US but on a fraction of the value of the US securities. "The lack of a treasury bill market in Japan is the principal reason why the yen is not being used more widely as a reserve currency," he adds.

Ministry of Finance officials are swift to acknowledge these problems, but they point out wearily that their moves must not create more chaos than they eliminate. Currently in their in-tray is legislation on investment advisory services, which foreigners will be watching closely. Also ahead will be investor-protection legislation and a cluster of other regulatory bills.

But for the time being full decontrol of interest rates, and the problems created by such a move, remain well in the future. Japan's controversial tax-exemption granted on the income earned on small savings, however, may become a sacrifice this year to overseas pressure for new measures to stimulate domestic demand.

The hope is that with the exemption (on deposits of Y3m or less) removed, people will save less, spend more, and buy more foreign goods.

But, says one sceptical Japanese banker: "Deregulation doesn't necessarily change the way people think. Sometimes there areno magic formulas to make our markets act like yours."

Carla Rapoport

[redacted]

هكذا من الاصل

The Philippines

Still in a state of uncertainty

FOR THE third consecutive year, the banking sector in the Philippines continues to remain in a state of uncertainty, despite the recent change in government.

The new Government of President Corazon Aquino, who ousted Ferdinand Marcos in February, still has to pronounce a definite policy initiative for the banking industry. It had been laid out previously for Mr Marcos by the International Monetary Fund and the World Bank, as a key condition for continued support for the Philippines' economic recovery programme.

It is not clear if the Aquino Government intends to follow or abide by the commitment of Mr Marcos to implement reforms in the financial system, which basically calls for the establishment of larger and stronger, but fewer, banking units.

Compliance with the IMF requirement had been a difficult task indeed, which Mr Marcos had barely started when he was deposed.

As an initial step, Mr Marcos and his chief financial adviser, the former Prime Minister Mr Cesar Virata, wanted to sell last year six commercial banks. These had been rescued and acquired by the Government from their previous owners, but failed to attract serious investors.

The failure of Mr Marcos' government to dispose of the six banks was chiefly his own doing—he was not able to provide a stable government that could buoy investor confidence in his country.

Mrs Aquino, who has been in power for only two months, *seems to be dogged by the same* problem that hounded Mr Marcos; although generally, the mood of the banking community is one of hope and optimism, that the problem of stability will be overcome by Mrs Aquino as her hold on power firms up in the months ahead.

The present political and economic situation is still considered "critical," which is evident in the presence of soldiers, who have not yet been ordered to shed their combat uniforms because of persistent reports that loyal followers of Mr Marcos plan to destabilise Mrs Aquino's Government.

Bankers said it would take at least several months, or perhaps the rest of the year, to see a clearer picture of whether the banking sector would get the boost it badly needs to stay in its depressed state.

While a few well-managed institutions were able to earn hefty profits last year, the same could not be said with the greater number of the Philippines' 30 commercial banks.

After emerging from a serious liquidity crisis in 1984, commented the former president of the state-owned *Philippine* National Bank (PNB), Mr Placido Mapa, the banking *system had found itself next* in a severe profit squeeze in 1985, as a result of a week loan demand and declining interest rates.

Hence, banks that raised high-cost funds with longer maturities at the height of the liquidity crisis had difficulty adjusting their liabilities while interest rates declined.

In fact, PNB, the largest commercial bank, took a staggering loss of 7.2bn pesos (US$360m) last year which nearly ate up its paid-in capital compared with a loss of 1.1bn pesos in 1984.

Another state-owned institution, the Development Bank of *the Philippines (DAP), which* specialises in industrial and agricultural lending, took a loss of 6.9bn pesos ($345m) last year compared with a much *bigger loss of 7.8bn pesos in* 1984.

In contrast, the largest but conservative private commercial bank, Bank of the Philippine Islands (BPI), turned in a profit of 261.8m pesos ($13m) for an unusually high return on equity of 24.4 per cent, compared with a net income of 217m pesos in 1984.

The key to the profitability of BPI and a handful of other big banks was in maintaining a

President Corazon Aquino

high level of liquidity, which enabled them to service deposit withdrawals during uncertain periods last year, without having to go to the central bank for emergency advances.

The strategy not only worked well but also led to an expanded deposit base, which the banks channelled to hig-yield securities, issued by the government to draw in excess money *from circulation as a means of* checking inflation.

What bothered most commercial banks were the bad accounts that had piled up since the Philippines plunged into an economic crisis in 1983.

A substantial portion of bank funds was tied up in nonpermorming assets, which in the case of the PNB, for example, reached 50bn pesos ($2.5bn) last year. Attempts now being made to rehabilitate these idle assets are not expected to be fully successful until the Philippine economy, which shrank 3.9 per cent last year, fully recovers.

Last month, the liquidity problem of the commercial *banking system, which has total* resources of 278.3bn pesos ($13.9bn), as of February, clearly showed when the amount of reserves banks were supposed to keep against deposit liabilities fell by 16 per cent.

Also, investigation by the Aquino government on the links of Mr Marcos to the banking system has put a number of institutions under pressure, because their controlling owners have been identified as close associates of the deposed president.

Samuel Senoren

THE PHILIPPINES

	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	3.4	1.9	1.3	−5.2	−3.0
Inflation (%)	13.1	10.2	10.0	50.3	23.1
Current Account Balance (US$m)	−2,096	−3,212	−2,751	−1,253	−500
Exchange Rate: Pesos vs US$	7.90	8.54	11.11	16.70	18.61

Malaysia

Profits hit by an ailing economy

BANKS IN Malaysia are facing difficult and challenging times as they get caught up in the crisis of confidence confronting the country.

The runs on banks and finance companies in recent months, and the revelation that thousands of depositors have been swindled of millions of dollars by bogus financial institutions, are only well-publicised symptoms of more deep-seated problems within the financial system.

The contracting Malaysian economy, highlighted by the sharp fall in prices of export commodities, and the even sharper contraction of property and share market values, has badly hit banking profits and devalued the quality of banking assets.

For much of the 1970s and early 80s, Malaysian banks had enjoyed annual double-digit profit growth, ahead of the annual 7.5 per cent national growth rates. But last year, *according to Bank Negara*, the central bank, the unaudited profits of the banks fell by an unprecedented 48 per cent, with several banks suffering hefty losses.

Apart *from the tougher rules* on non-performing loans, the Central Bank took several important initiatives to strengthen the financial system, while encouraging banks to play a more dynamic role in stimulating private enterprise. This is crucial, as the current Fifth Malaysia Plan (1986-90) has singled out the private sector as the catalyst for growth.

Several financial acts were amended late last year. These had the effect of restricting future bank ownership to 20 per cent for a corporation, and 10 per cent for an individual or family. Cross-holdings among banks and finance companies are prohibited.

The Central Bank is given the power to take over a financially troubled bank or finance company.

According to bankers, several local banks are candidates for takeover by Bank Negara, because of bad management and big losses. The reason why this is not done is, in the present political and economic climate, such actions could create unnecessary panic and doubts about the health of the financial system.

Instead, the Central Bank is using its powers to put in new management, while talking with major corporations to take equity stakes in such banks.

As part of its commitment of de-regulation, the Malaysian Government has approved banks taking up *majority* stakes in local stockbroking companies. Finance companies are allowed to participate in the inter-bank money market.

Merchant banks are now permitted access to the Government's 1bn ringgit ($400m) new investment fund. The fund, launched last September, and previously confined to commercial banks, is to *provide cheaper financing for new ventures in* the priority sectors of agriculture, manufacturing and tourism.

Interest rates is an area testing the skills of Malaysian *monetary* authorities in accommodating demands of various groups. The sharp fall in commodity prices has led to drying up of deposits, putting pressure on interest rates, as demand for loans remains strong.

But with inflation now almost zero, the Central Bank feels that *current interest rates of 8 to 9* per cent on fixed deposits represent attractive returns, compared with 4 to 5 per cent in neighbouring countries and the US.

Lending rates are still very high at 13 to 14 per cent, and the Government feels this is seriously impeding business enterprise.

The average interest margin of banks rose by 0.63 per cent to 5.57 per cent last year, partly in reaction to higher provisions for bad debts and non-perform*ing loans. Bank Negara is now* doing a comprehensive study on the cost of bank funds in an effort to bring down this high margin.

As a policy, the Central Bank would like to free interest rates to allow competition, but it finds itself having to "persuade" banks to align their rates with those offered by the two major *local banks—Malayan Banking* and Bank Bumiputra—to prevent interest rates going up even higher as institutions compete for scarce deposits.

The exposure of banks to property loans continues to be a matter of concern, though the situation appears not as alarming as it was originally thought to be. A Central Bank survey showed that, at the end of last year, outstanding bank loans to the property sector totalled 6.46bn ringgit, with slightly more than a quarter *going to commercial building* and hotels (where there is a severe glut), and the bulk going into housing (where demand is still there).

Most of the loans are in small and medium-size projects, and a third of them were syndicated, so that the banking system "is well-placed to sustain any shocks.

Wong Sulong

Indonesia

Reforms having effect

INDONESIA'S President *Suharto confidently announced* in his budget speech, early in January, that there would be no devaluation.

Almost directly afterwards, oil prices began their dramatic slide, with potentially devastating effects on the Indonesian economy which is dependent on oil for more than 70 per cent of foreign exchange earnings.

Despite record speculation against the Indonesian currency, the rupiah, Mr Suharto has so far been as good as his word. The rupiah has stood up well to the pressures of the money market; though, on a free float system, carefully managed by the central bank, Bank Indonesia, it has declined in value *nearly 20 per cent against the* US dollar in the past 18 months.

But while attention has focused on the currency markets in recent months—Indonesia continues to maintain one of the freest currency exchange regimes in the region—the banking system has been evolving and maturing. Reforms aimed at liberalising banking, started in mid-1983, continue. *Though banking practice still* lags behind Indonesia's economic development, many inefficiencies have disappeared.

"Banking here has matured *considerably* with more competitiveness and less state interference in the system," said one Jakarta-based western analyst.

One example of such maturity has been the way in which Bank Indonesia and the banks as a whole have coped with the all too frequent surges in deposit withdrawals caused by nervousness about the rupiah. At one point, in late 1984, the interbank rate soared to over 90 per cent and BI was forced to open special liquidity credit facilities from which banks borrowed more than Rp 300bn in short-*term notes*.

Eventually the market steadied as BI governor, Mr Arifin Siregar, announced in early 1985 new money market instruments, allowing banks to endorse and discount corporate clients commercial paper and bills of exchange and to issue notes of their own.

Considerable moves towards de-regulating the banking system have also been undertaken: banks have been allowed to compete freely for rupiah deposits by setting their own deposit rates. The result has been a massive inflow of funds previously kept in dollar accounts offshore, which in turn has led to problems of excess *liquidity*.

This has been compounded by a shortage of quality borrowers in the market, especially at the present time, when the domestic economy is going through its worst downturn in nearly 20 years. Bad loans have accumulated, and several banks have been forced *to restructure and re-evaluate* their portfolios.

The five major state banks, which account for 80 per cent of total banking business, are being squeezed by the mounting debts of a number of state enterprises. Private banks — which have been involved in cut-throat competition over the past three years — are being very conservative about any new lending. One private bank, Bank Perkembangan Asia, failed last year. Another, Bank Pacific — once controlled by the former boss of the state oil company, General Ibnu Sutowo —has meanwhile been taken over by Bank Indonesia.

Only 11 foreign banks are *permitted to operate in Indo*nesia, and their business is largely restricted to the Jakarta metropolitan area. Generally they have performed well over the past two years, though the large loan portfolios of some have caused concern, particularly in the present difficult *economic atmosphere*.

An often heard criticism is that not enough research into company health is done before extending sizeable loans: buoyed by the optimism following a surge in oil income in the late 1970s and early '80s, some foreign institutions were guilty of being too aggressive in their lending policies. Today, a far more circumspect attitude prevails.

While the measures undertaken by Bank Indonesia and the Ministry of Finance over *the past three years have* served to improve vastly the banking environment, confidence in the rupiah is still a vital determinant in the overall stability of the system.

At present, banks still register about 90 per cent of their deposits in the short term, under six months. The Minister of the Economy, Dr Ali Wardhana, has said that, for every US dollar drop in the price of oil, US$300 million is wiped off Indonesia's development budget.

Devaluation is seen by many as the only way for Indonesia to bring about some degree of financial relief. The next months will be a vital test of *President Suharto's word*.

Kieran Cooke

INDONESIA

	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	7.9	2.2	4.2	5.0	3.5
Inflation (%)	12.2	9.5	11.8	10.5	4.8
Current Account Balance (US$m)	−566	−5,324	−6,338	−2,114	−2,000
Exchange Rate: Rupiah vs US$	631.8	661.4	909.3	1,025.9	1,110.8

Singapore

An upset after 20 years

THE YEAR 1985 probably ranks as the worst setback for Singapore's banking sector since the country broke with Malaysia and become fully independent in 1965.

Clearly reflecting the island state's overall economic downturn, which saw a 1.8 per cent contraction in gross domestic product — the first annual decline in 20 years—the "big four" domestic commercial banks last month reported profit falls for 1985 which analysts said were uniformly worse than expected.

The well-established foreign banks are reckoned to have fared no better, and although the total number of offshore banks grew yet again, they too have found it harder than ever to turn a tidy profit out of their presence in Singapore.

The only major local bank to reveal the scale of its provisions for possible loan losses and for diminution in the value of assets was the Government-controlled Development Bank of Singapore (DBS). These were put at almost S$110m, up close to 70 per cent on the figure for 1984, which was itself sizeable. Group net attributable profits declined 28.4 per cent, to S$86m.

Two of the other three big banks—United Overseas Bank (UOB) and Overseas Union Bank (OUB)—showed similar percentage falls in group net profit. UOB's figures were down 27.9 per cent to S$99m, while OUB's were off 27.7 per cent at S$34m. The fourth bank, Oversea-Chinese Banking Corporation (OCBC), reported a smaller 16.6 per cent fall to S$101m.

OCBC's brief explanation adequately summed up what has happened to the whole sector. "The bank's 1985 profit," it declared, "reflects the difficult business conditions that prevailed particularly in the second-half of the year. Narrower interest margins, lower dividends from investments, and more prudent provisions made for possible loan losses have offset the better income contributed by the growth in loans and deposits."

Even that growth was substantially slower than in 1984. Official figures show that total assets and liabilities of all Singapore's commercial banks rose by 8 per cent in 1985, half the previous year's rate. Not only did loan demand slacken with economic downturn: banks also became more cautious in extending credit, trade-bill financing fell, and the maturity structure of term loans shortened significantly.

What has fuelled the caution has been the plunge in local property prices. It has affected collateral values, and caused some real embarrassments over highly-publicised corporate collapses, many of which revealed some astonishing lending decisions, especially by foreign banks.

The sequence began at the end of 1984 with the collapse of the trading house Chop Hoo Thye, followed last year by that of the well-known consumer electronics retailer Peter Chew's, the high-technology plastic packaging company Lamipak, and the construction company Active Building.

Total debts from these companies alone ran into hundreds of millions of Singapore dollars. Meanwhile, bankruptcies and company wind-ups generally have been running at record rates, and company start-ups are down.

Most serious—and sensational—of all the collapses was the debacle over Pan-Electric Industries, the quoted marine salvage, property and hotel concern. It owed S$400m and couldn't meet S$140m in share purchase obligations when it was placed in receivership at the end of November last year.

The saga, which had already weakened the stock market, led to an unprecedented three-day closure of the Singapore Stock Exchange. When it re-opened, the market plunged quickly to levels not seen in six years, from which it has yet to recover.

It has since emerged that banks in Singapore, and especially foreign banks, lent extensively to local brokers to fund forward share transactions—a process of credit creation which could only be sure of working if the market held up and chains of informal agreements were honoured.

Pan-Electric's default threatened the whole broking system and, in turn, the banks. They were asked to stay their hand for three months while a lifeboat was arranged which would ensure brokers' obligations were honoured.

But even before the period expired, the banks began scrambling to recover their loans, hastening the demise of troubled brokers. Official figures released at the end of March showed a 28 per cent reduction in total bank loans outstanding to the Singapore broking industry, from S$1.06bn in November to S$763m.

As this latter figure almost certainly includes all the debts which could not be repaid since the crisis broke, it may be a guide to some sizeable bank losses still to come. The process of loan recovery has meanwhile undoubtedly contributed to the persistent weakness of the stock market as shares are sold off for cash.

Some analysts feel that the general decline could continue as the plunge in property prices persists. One says that however conservatively the banks made their original loans against property, they will look less well covered now. The real shake-out on this front has yet to come, he says.

If this is worrying, Singapore at least continues to play an effective role as an offshore banking centre. The Asian dollar market—the equivalent of the Eurodollar market—actually expanded at a faster rate in 1985. Its size grew 21 per cent to reach US$155bn at the end of the year, from US$128bn 12 months earlier.

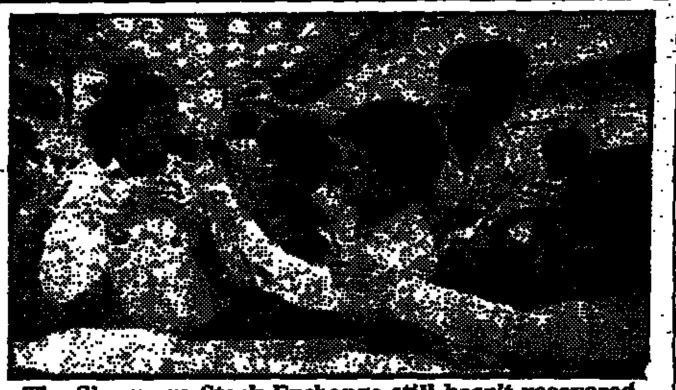
The main source of growth appeared to be deposits from non-bank customers, and especially non-residents. These rose more than 30 per cent, from US$21.5bn to US$28bn. The main component of the total, however, remained interbank funds from outside Singapore, which amounted to US$88.8bn at the end of 1985, compared with US$75.4bn in 1984.

Against this, only seven issues were made of US dollar floating-rate certificates of deposit, with a total value of US$245m. This compares with 15 issues, valued at US$375m, in 1984, and 28 issues in 1983 valued at US$755m. Only three Asian dollar bonds were issued, compared with seven in 1984.

On the other hand, Singapore saw a growth in the use of note issuance facilities (NIFs) and revolving underwriting facilities (RUFs) last year. Altogether, a score of corporate borrowers have raised around S$3.1bn since these facilities first made their debut in Singapore at the end of 1984.

Chris Sherwell

SINGAPORE	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	9.9	6.3	7.9	9.0	−1.7
Inflation (%)	8.3	3.9	1.2	2.6	0.4
Current Account Balance (US$m)	−1,382	−1,300	−911	−1,601	−1,000
Exchange Rate: Singapore $ vs US$	2.11	2.14	2.11	2.13	2.20
Trade Weighted Index (1971=100)	120.02	128.15	131.45	134.89	135.43
Real Trade Weigh. Ind. (1971=100)	131.10	126.42	123.21	121.49	118.33



The Singapore Stock Exchange still hasn't recovered from a three-day closure, and the subsequent plunge to levels not seen in six years.

Taiwan

Books? Which books?

BANKING IN Taiwan has undergone some radical changes in the past two years.

For one thing, the 33 foreign bank branches have drastically restructured both their portfolios and their goals, after a wave of bankruptcies. These began in 1982 among companies that, on paper, appeared sound, yet left the bank with more than $600m in problem loans.

But foreign banks have not been the only ones to undergo some changes. Local banks, all government-owned or government-controlled, which largely avoided the bitter experiences of the foreign banks because they knew the true state of companies, had access to cheaper New Taiwan dollar lending facilities.

They were thus able to insist on real-property mortgages, which the foreigner branches declined in order to remain competitive, and felt the whip of censure as the Government began to penalise loan officers for bad loans, whether or not their overall portfolios were healthy.

As a result, many foreign and local banks are reluctant nowadays to lend money to Taiwan firms— ironically, at a time when more money than ever before is circulating in the financial system. That reluctance, in turn, means that small-to-medium-size companies, which supply the bulk of Taiwan's export-oriented gross national product, have trouble finding money, because they cannot provide the guarantees the bankers require.

A series of defaults, beginning in late 1982, cost foreign banks more than $600m in problem loans. Hardest hit were European banks that set up branches here after extensive promotion by the Taiwan Government of the trade-financing market.

These banks were naive to the ways of Taiwan companies. Some firms kept three sets of books: one for the shareholders, one for the taxman, and one for the *lao-ban*, or boss. Some of the newcomers, thinking they were still in their home countries, relied on the books presented to them. For many foreign bankers, it was a painful experience.

It was only slightly less painful for local bankers. Most of them, knowing the true state of company balance-sheets, had insisted on collateral far in excess of the loan's value, and were thus covered. But fall-out from a major financial scandal early in 1985, involving a member of parliament and causing the fall of cabinet ministers, brought pressure on government bankers.

Later government censures of loan officers who had otherwise-healthy portfolios, but who still had a bad loan or two on the books, made Taiwan bankers extremely wary of offering money to anyone.

Both local and foreign bankers are still wary, leaving many small and medium-sized companies, who otherwise would have qualified for loans, crying for cash. Ironically, though, Taiwan is awash with money that could be channelled to private firms if the banks were able to conjure up enough faith in the process.

The channels are unfortunately blocked for the moment. The Government forbids free movement of foreign exchange, for instance, despite the ubiquitous presence of so-called "jewelry stores," whose major function is to provide foreign exchange, mostly through foreign-currency cheques.

An economic reform committee, established by the Government last May, took up these and many other shortcomings of the nation's economic and financial systems, and recommended various changes, some of which have already been implemented by the Government.

For instance, early this year the Government yielded to repeated requests by foreign banks to allow them to set up second branches in the southern city of Kaoshing, a major manufacturing and exporting centre, and to permit lending to firms located in various export-processing zones around the island.

That business had previously been reserved for local banks. The Government declined, however, to grant the banks a share of the financing of so-called "strategic" imports: mostly raw materials consumed by major government firms such as Taiwan Power Company, but also covering certain machinery purchased by the firm.

Also, the Government in late 1985 reversed itself and agreed to a committee proposal it had rejected some months before: to allow certain designated banks to start external-investment funds for local investors. As of early March, the Government-owned Central Trust of China, the Bank of Taiwan and the International Commercial Bank of China had inaugurated four funds, totalling NT$600m (slightly more than US$15m). The funds, all involving institutional investors, so far, are allowed to purchase only sovereign and bank bonds.

The Government is also expected, in the not-too-distant future, to begin allowing more direct investment overseas by Taiwan firms and nationals. Such potential investment is receiving a lot of attention from bankers here, who hope to provide much of the financing for such ventures.

The change of heart on the Government's part stems from the growing realisation that current curbs on foreign-exchange movements only serve to encourage the growth of black-market operations, and that the investment funds moved through these unofficial channels do not serve to further Taiwan's goals of obtaining technology and management knowhow from more advanced nations.

Robert King

South Korea

Living under bad debts

SOUTH KOREA'S domestic commercial banks last year continued to struggle with a load of bad debt that grew as Korea's overseas construction and shipping industries declined sharply. Foreign banks meanwhile continued to press for greater access to local currency with only modest success.

The bad debt, believed to run into billions of dollars, would be enough to crush the banking system but that is unlikely to happen, however, since the Government has stepped in firmly to prop up the banks.

A proposal first aired in June to bail out the banks with low interest loans from the Bank of Korea, Korea's central bank, initially kicked up a storm of debate.

The Bank of Korea quietly resisted the measures in an attempt to assert its independence from the Government. The bank argued that propping up ailing banks that fell into trouble as a result of government-directed loan programmes lay beyond the bank's brief of regulating the money supply.

The proposals also thrust the bank into an uncomfortable public spotlight as the political opposition raised strong objections. Bank officials argued privately that the Government should adopt direct measures to subsidise industries or banks rather than take actions that subvert the bank's money supply policies.

The bank finally lost the debate in December when it forwarded 300bn Won of funds at 3 per cent interest rate to five banks—the Cho Hung Bank, the Commercial Bank of Korea, the Korea First Bank, the Hanil Bank, and the Bank of Seoul—with more funds still expected. The 3 per cent rate compares with a normal discount rate of 6 to 7 per cent.

The central bank also failed in its efforts to eliminate interest which it paid on mandatory reserve requirements, although it did manage to lower these payments to 2 per cent.

A newly appointed Governor of the bank in January sealed the debate at least temporarily when he said that true independence for the central bank was not practical for the time being.

The government policies indicate considerable determination to nurse the commercial banks to health. The banks were privatised only in 1982. Last year bank profits fell across the board as commercial banks began the long process of writing off their mountain of bad debt.

Mr Chung In-Yong, appointed Minister of Finance in January, said recently that the Government has no plans to take drastic measures to prune back industries or to improve the banks' portfolios. Instead these problems would be addressed over many years, while the Government would take steps to assure bank profits.

In effect, the banks' burdens will be borne by the entire economy. That strategy now looks increasingly viable as the outlook for the Korean economy has improved with the decline of oil prices, the fall of international interest rates, and the rise of the yen.

Despite the bank's troubles, Mr Chung intends to push ahead with gradual liberalisation and decontrol of financial markets. Decontrol of commission structures for a variety of fee-based financial instruments began last year, as well as decontrol of some interest rates in secondary markets.

The deposit base of the banks also improved as the Government lifted interest rates, nearly closing the gap with secondary markets. The Finance Minister says he will continue to resist pressure from business interest groups to force down interest rates, and will instead move gradually to decontrol them.

Foreign banks have made little progress recently in efforts to secure greater access to local currency. Although the central bank opened its rediscount window to foreign banks for export financing, the banks found that their ceilings on currency swap transactions were lowered by an amount equivalent to that borrowed from the central bank.

The foreign banks also received permission to operate trust accounts, although they are severely inhibited by the virtual impossibility of establishing a network of branches to attract customers.

This year, foreign banks are expected to gain access to the central bank's rediscount window, but many bankers suspect that the guaranteed margin on swap transaction will be eliminated.

Steven Butler

S. KOREA	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	5.9	6.5	9.5	7.5	5.0
Inflation (%)	21.3	7.3	3.4	2.3	2.4
Current Account Balance (US$m)	−4,646	−2,650	−1,606	−1,371	−900
Exchange Rate: Won vs US$	681.03	731.08	775.75	805.98	870.02

India

Looking for monetary reform

MAJOR REFORMS in India's banking and financial systems are in the offing. The Reserve Bank of India, the country's central bank, has constituted a working group to process the recommendations of an expert committee on monetary reform, counterpart of Radcliffe Committee set up in the UK some years ago.

The intention of the suggested reforms is to make commercial banks respond better than at present to changing market conditions and enhance domestic savings. This is to be achieved by allowing banks freedom to set their interest rates.

The committee headed by Prof Sukhamoy Chakravarty, who is the chairman of the council of economists advising India's prime minister, has suggested the development of an integrated money market, which includes markets for treasury and commercial bills as well as for inter-corporate funds. The object is to enhance the effectiveness in the allocation of short-term resources with minimum cost and least delay.

The government has accepted in principle a plan for the loan portfolios of commercial banks to be partially secured through the issue of bills. Financial institutions are to market the debt of blue-chip companies by placing six-month bills under a scheme of revolving underwriting facility (RUF) for discounting at varying interest rates so that the saving public gets an attractive return commensurate with the risks involved.

The private corporate sector will be grouped into four or five categories by a rating agency to be established for the first time in India on the lines of Standards & Poors of the US. Triple-A rate companies will be able to raise funds on the most favourable terms. The RBI working group has to suggest the pattern of interest rates and the method of introducing monetary reform, which should be such as not to discourage savings.

At present, commercial banks offer 9 per cent for one-year deposit and a maximum of 11 per cent for five-year maturity. The interest rate for seven-year corporate debenture is 15 per cent.

The Government has recognised that India's banks and financial institutions will have to get involved, in keeping up with world trends, more and more in services such as raising funds for customers by underwriting and dealing in securities.

Mr M. Vaghul, chairman of Industrial Credit and Investment Corporation of India (ICICI), says: "There is a crying need for the securitisation of the loan portfolio of commercial banks," though commercial banking—taking in deposits and making them into loans in the traditional way—will be the main business for Indian banks for many years to come.

Taking a long-term view, Mr Vaghul emphasises that investment banking will gain in importance in India as commercial banks search for avenues to increase their profits. But the Reserve Bank is cautious in pushing through radical reforms after its unhappy experience with limited competition by allowing freedom to banks to fix their own interest rates on deposits for less than one year. The experiment had to be abandoned within two months of its introduction last year after all the banks offered eight per cent for a fortnight deposit.

Commercial banks have to invest 37 per cent of their total deposits, at present around Rs 850bn in approved public securities and a further 9 per cent are absorbed as cash liquidity requirements of the Reserve Bank. State-owned banks, accounting for 91 per cent of Indian banks have to lend at less than market rates of interest 40 per cent of their total advances to agriculture and small-scale enterprises assigned priority by the government for lending.

The net result is that the state-owned banks, accounting for 91 per cent of Indian banks have to lend, at less than market rates of interest, 40 per cent of their total advances to agriculture and small-scale enterprises assigned priority by the Government for lending.

The net result is that the state-owned banks are free to lend only about 14 per cent of their resources at what might be termed market rates, though even here there is a ceiling of 17.5 per cent.

INDIA	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	5.2	2.8	7.7	na	na
Inflation (%)	13 0	7.9	11.9	8.3	5.4
Current Account Balance (US$m)	−2,698	−2,524	−1,963	na	na
Exchange Rate: Rupees vs US$	8.68	9.46	10.10	11.36	12.37
Trade Weighted Index (1971 = 100)	81.70	81.51	81.45	78.00	76.36
Real Trade Weigh. Ind. (1971 = 100)	83.17	80.75	83.37	82.05	81.40

A World Bank staff study of India's financial system lists four major weaknesses:

- Low profitability of commercial banks;
- A high level of overdues, particularly in agricultural finance institutions;
- Proliferation of term financial institutions; and
- Low direct mobilisation of savings by these development institutions.

Indian commercial banks have concentrated for about two decades on the spread of banking geographically and functionally, bringing to its fold new customers from all walks of life without cost considerations. The number of bank offices in India has risen sixfold to 51,385 in June 1985 from 8,262 in June 1969, when 14 major banks were nationalised, extending the state sector in banking to more than 90 per cent of banks in India.

The population per bank office in India has come down on an average to 15,000 from 55,000 over the past 16 years. A laudable effort indeed. Also impressive is the number of borrowers, which increased over the period from 250,000 to more than 22m.

But the emphasis was on quantity rather than quality and on social banking rather than on profitability. The ratio of profits to working funds, which include deposits, paid-up capital and reserves, plunged to 0.070 per cent in 1984 from the existing low of 0.170 in 1969. Three factors have contributed to the slide:

- Banks could earn market rates of interest only on 14 per cent of total advances. The reserve bank increased progressively the so-called priority sector advances to 40 per cent and froze part of their deposits to siphon away excess liquidity as pressures on the money supply increased.
- There was a sharp rise in overheads with the spurt in the number of loss-making branches of banks.
- Labour productivity dropped after a surge in recruitment and staff unionisation.

The government modified its stance last year, laying equal emphasis on social banking and profits. It was of the view earlier that since banks acted as a catalyst for wealth creation to the rest of the economy, their own profitability was of secondary importance.

The policy of social banking has not been abandoned. But the government decided not to lift lendings to priority sectors beyond 48 per cent and directed banks to consolidate and make existing branches profitable rather than expand their branch network further. Profits of 21 state-owned banks rose one-third to an estimated Rs 1.11bn last year but the government wants banks to increase recoveries of loans, which at present are around 52 per cent, enhance efficiency and cut costs.

R. C. Murthy

Pakistan

Interest-free era phased in

PAKISTANI banking is in a state of flux.

It operated on the purely western, interest-based concept until the end of 1980. The government, as part of its Islamisation polices, then introduced the profit-and-loss sharing (PLS), or Islamic, banking on January 1, 1981, under which depositors receive no pre-determined rate of interest, but share in the profit (and loss) of their bank's business, at the end of each six months.

This new arrangement continued to function in parallel with the old style interest-based operations, until the middle of last year. Then came the watershed.

The Government decided to shift completely to the new Islamic system, now called interest-free banking (IFB) from July 1, 1985. The system since 1981 has had to make drastic changes in its operational modes over the last six years, keeping it in a state of adapation, and innovation.

This is because Pakistan is the first country that has tried to convert a modern banking system to Islam, something which did not exist even in the older Moslem nations. "It may take another year or so to smooth out all the wrinkles, and then assess how well are we doing," says a senior banker.

The Government introduced IFB in three main phases, including: all new financing by banks to the Government, the nationalised industry, and all joint stock companies changed to IFB from January 1 1985.

The new financing to all firms, businesses and individual account holders switched to IFB on April 1 1985. The cut-off date was July 1, when all banks, foreign and Pakistani, ceased taking interest-based deposits. The entire savings and term deposits were converted to IFB, while current deposits, as previously, were not entitled to any profit or interest.

On the same date, the assets side of the commercial and investment banks changed to the new Islamic modes of financing. The old advances stayed on interest-based system. The transactions of the State Bank of Pakistan (central bank) with the commercial banks also were changed to IFB.

The volume of business which came under the IFB cover was enormous. The bulk of the deposits are with the 6,691 branches of the five nationalised banks, and a much smaller amount with 52 branches operated by various foreign banks from Europe, the US and the Far East.

PAKISTAN	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	7.8	4.4	6.9	4.4	n/a
Inflation (%)	11.9	5.9	6.2	6.6	5.8
Current Account Balance (US$m)	−914	−802	25	−1,135	n/a
Exchange Rate: Rupees vs US$	9.90	11.85	13.12	14.05	15.93

The deposits under the PLS system with the nationalised Pakistani banks were 34.2bn rupees ($2.13bn) on June 30. These deposits rose to PRs 80.5bn on December 31.

"The nationalised banks now have more than 90 per cent of all deposits in the system, while the remaining 10 per cent are with the foreign bank branches in the country," according to Mr M. R. Khan, chairman of the Pakistan Banking Council, which acts as a sort of a holding company.

An interesting aspect of the bank operations under the full-fledged IFB during the first six months — July 1 to December 31 1985—is that the foreign banks came out with higher rates of profits than the Pakistani banks.

The foreign banks declared profit rates ranging from 8 to 12 per cent for those six months, which were 1 to 4 per cent higher than the Pakistani banks.

The profits declared by the Pakistani banks ranged from 7 to 8 per cent on an annual basis. As far as the Pakistani banks are concerned, their rate of profit showed a decline in the second half of 1985, compared to the first half when it was 7.5 to 8.8 per cent (foreign banks were not doing PLS or Islamic, banking in the first half of 1985).

The Pakistani banks declared profit ranging from 9.5 to 10.5 per cent for one-year term deposits during the second half of 1985. In the same category the foreign banks gave out 10.2 to 16.3 per cent profit.

The overall bank advances which were not converted to IFB were PRs 24bn in 1985. But these are declining with passage of time as they are being repaid.

"The profit rate for the Pakistani banks is declining, because the total funds on which profit is payable is getting bigger, especially with the entire banking system converting itself to interest-free banking," says Mr M. R. Kahn. He also says that the nationalised banks have to provide concessionary credits for certain welfare purposes, and operate unprofitable branches in villages. These two operations cost the five banks PRs600m a year, and that does eat into the total distributable profit.

The present estimates are that around 85 per cent of all banking is now under IFB, while 15 per cent is needed to be converted, as the long-term advances are getting liquidated through repayment.

The overall position of the bank operations, up to June 1985 (in PRs million, for years ended June 30):

	1983	1984	1985
Deposits	107,123	117,919	138,004
Credit	83,430	97,172	110,353
Investment	40,603	43,553	49,871

Mohammed Aftab

South Africa

Coping with isolation

SOUTH AFRICAN bankers might well be forgiven these days for feeling that membership of their profession is akin to having leprosy. Foreign counterparts increasingly distance themselves, and the domestic regulatory authorities seem *determinedly bent on* surrounding banking activities with a multitude of controls.

All of this is readily understandable. The world fight against apartheid has targeted on South Africa's soft underbelly and aims to accelerate the elimination of racial discrimina*tion by cutting off the economy* from foreign capital markets.

It is hard for foreign bankers to advocate business ties with South Africa when customers in Main Street, America or High Street, Britain, are prepared to pay attention to vocal anti-apartheid protesters and take *their business* to *banks* unblemished by the apartheid connection. In the past year that distancing and withdrawal from South Africa has led the country into its worst post-war economic crisis.

The world banking system faced its first unilateral freeze on foreign debt repayments last September when the South Africans called a halt to a large capital haemorrhage. Though the system creaked, it found *that it could cope with* the threat of non-performing loans.

To a large extent the South African banks have themselves to blame for their present difficulties. Aggressive pursuit of foreign capital in recent years not only left the country financially vulnerable, but the use of foreign liabilities to circumvent domestic *capital* adequacy requirements made *the financial positions of some* individual banks themselves more precarious.

Though this was not apparent to banking analysts in Johannesburg last year, it was becoming increasingly plain to bank regulators abroad. Nedbank, the third largest of the five major *South African* banking groups, had spent two years raising aggressively capital through its foreign branches, principally for lending to South African parastatals. But while this was a matter of some pride to *Nedbank's executives*, it was a cause for concern to the Bank of England, which cautioned Nedbank's London office against lending exclusively to South African borrowers. *In America*, the Federal Reserve expressed concern over Nedbank's propensity for committing the classical banking error of borrowing short and *lending* long.

Nedbank's high-profile drive for foreign business became its downfall and, perhaps more than anything else outside the political arena, led foreign *lenders to reassess* South Africa's sovereign risk. The South African authorities' declaration of a moratorium on foreign debt repayments in September was accompanied by assurances from the Reserve *Bank to foreign lenders that* Nedbank's foreign liabilities *would be honoured.*

In any event, Nedbank almost certainly welcomed the breathing space afforded by the moratorium as it was critically illiquid at the end of last year's third quarter.

Nedbank's *specific troubles* were underlined early this year *when it* parted company with its chief executive and simultaneously announced plans for a 345m rand rights issue—a record for the Johannesburg *Stock Exchange*. The issue is needed to restore the capital base, which had been eroded by bad local debts and gilt market trading losses, as well as to *increase the equity capital by* R100m to enable the bank to comply with initial new capital adequacy requirements envisaged by the Banks Act.

The new capital adequacy requirements were, to an extent, forced on the South Africans by foreign bank regulators who *were concerned at the lack of* adherence by the country's banks to the Basle concordat, which regulates international banking. Unlike banks in the concordat signatory countries, South African banks could *blithely* incur foreign liabilities without disclosing them on *balance sheets or covering them* with fixed capital.

This was exacerbated by the reporting secrecy of most South African banks. *Last year, pressure* from abroad persuaded the South Africans to plan adherence to the Basle concordat, though not to become a *signatory*. That has led to a spate of capital raising exercises to comply with new capital adequacy requirements.

While Nedbank's rights issue is being underwritten by Old Mutual, South Africa's largest *insurance* group and Nedbank's controlling shareholder, similar issues by Barclays National and Standard, the two British-controlled banks, were not underwritten by their London parents.

In April last year Standard *Chartered* did *not follow* a R177.4m rights issue by its South African subsidiary, with the result that its interest fell to 42 per cent from just over half and the South African operations could be deconsoli dated from the parent's balance sheet.

In August, when Barclays International followed suit by *not taking up its South African* subsidiary's R254m rights issue, confidence in South Africa was far more fragile. Chase Manhattan had already announced plans to terminate its business with the country. Though Barclays International did not in fact remove funds from the *country, the effective reduction* to just over 40 per cent from just over 50 per cent of Barclays International's interest in Barclays National was a major blow to confidence. It was followed a fortnight later by the unilat*eral moratorium on foreign* debt repayments. The distancing process was further underlined a few weeks ago when Barclays shareholders in London heard that the British bank would not be extending further loans to South Africa until the country moved decisively away from apartheid.

Jim Jones

North Africa

Blessings of oil and rain

TWO YEARS AGO, the three Maghrib countries presented sharply contrasted *economic* and financial faces to the outside world. *Morocco* was struggling through the arduous *process of debt* rescheduling and Tunisia was making an effort to prevent its external financial position from deteriorating. Algeria by virtue of its success in maintaining a steady level of foreign oil and gas income at around *the* $12.7bn mark was effectively cushioned, *even though it, too,* saw the need to trim back *foreign* debt and increase government receipts levied outside the oil sector.

Since 1984, the decline in the price of crude oil, which provides more than one third of Tunisia's foreign income and *(together with gas, condensates* and products) some 97 per cent of Algeria's, is putting considerable pressure on the external account of both countries.

Morocco on the other hand, *which pays more than $1bn a* year to buy oil and where hopes of important discoveries at home have not been fulfilled, finds the present situation a blessing. *Plentiful rain in 1984-*1985 and 1985-86 resulting in *good cereal* crops, and the fall both in the US dollar and US interest rates, have meant Moroccan planners can look forward to a rise in real growth *in 1986*.

The burden of the country's $13.7bn foreign debt remains considerable, however, as do the constraints on its export potential of fruit, vegetables and textiles because of protectionist policies among its major clients in the EEC.

Tunisia is, without doubt the more fragile of the three North African economies: it has *always* been *a* country of slender resources — some oil, and attractive facilities for foreign tourists and a small textiles and fruit export sector — but these have been well managed since independece in 1956. *The rise in oil prices did,* however, *provide* a considerable boost to the country's *foreign* income and led to industrial projects which were too ambitious — four or five car assembly plants are in a country of 7½m people with only limited re-export prospects. Agriculture has been neglected until *recently*, and the new rich have poured *money into property*.

Excessive wage settlements in *the early* 1980s have made the belt tightening of the past two years all the more painful. Prices have increased by more than 25 per cent since the riots of January *1984* but, with a budget deficit standing at *9.8 per cent of GDP by 1984*, and last year's current account *deficit* at 588m dinars (11 per cent of GDP), there is little the government can do to offer much improvement to the majority of Tunisians.

Servicing Tunisia's foreign debt absorbed 22.5 per cent of *exports receipts last year*, a percentage which will rise sharply in 1986 as hard currency earnings from oil exports drop.

Tunisia's economic situation is, nevertheless, difficult but by no means catastrophic. What gives those observers inclined to pessimism ground for concern is the very confused state of Tunisian politics: earlier this year 84-year-President Habib Bourguiba *has, ordered* a "clean *up*" of corrupt practices among the senior servants of the state, heads of banks and private companies.

However, attacking the corrupt practices of certain groups within Tunisian *society* while overlooking those of other powerful clans has merely tended to muddy the waters.

Add to that the fight between the Prime Minister, Mr Mohammed M'Zali and the trade unions, whose secretary general Mr Habib Achour is in prison, and the whole picture appears very confused. The future course of the Tunisian *economy* and financial sector thus are more than ever before hostage to political development.

Neighbouring Algeria faces for its part a considerable challenge: a four per cent decline in foreign income this year will force a cut back in imports — worth a total of $9.4bn last year, and a trimming or cancellation of some *major* industrial projects. If the state cuts back its investments, it will expect the private sector to pick up some of the slack.

The private sector is encouraged by the more positive attitude adopted towards private entrepreneurs since *President Chadli* came to power, notably the cut in corporate tax from 60 to 50 per cent in this year's budget. It is ready with a number of medium sized schemes for investment in hotels, manufacturing and agriculture, a sector, which is reviving slowly after the severe damage inflicted upon it by the agrarian revolution of the 1970s.

But they still face a mountain of red tape, contradictory rules and bureaucratic obfuscation which means that projects can *take* up to 3 years to win approval. The fall in the state's foreign income is also putting pressure on the authorities to redraft the 1982 joint venture law, in order to make it more attractive to *foreign companies.*

Algeria's external finances are, however, in a good condition: exports of $12.6bn in 1985, imports of $9.4bn. The servicing of the foreign debt cost over $4bn last year and will cost less *in 1986. Services* cost the balance of payments about $3bn, but as Algerian banks can raise large loans and *still have* unused lines of credit, the balance of payments stands in rough balance. This is unlikely *to be the case in 1986.*

Morocco meanwhile is implementing a number of economic and financial reforms, many of them urged on by the IMF and the World Bank: they are painful and all the authority of the country's Prime Minister, Mr Mohamed Karim Lamrani is needed to see them through. The gods are, however, looking more kindly on the kingdom today and if austerity and reforms are pursued for the next few years, Morocco's economy and especially external account will have been set on a sounder footing.

Francis Ghiles

SOUTH AFRICA

	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	4.9	−1.2	−3.2	4.7	0.0
Inflation (%)	15.2	14.7	12.3	11.6	16.2
Current Account Balance (US$m)	−4380	−3059	441	−1123	3200
Exchange Rate: Rand vs US$	0.87	1.09	1.11	1.43	2.17
Trade Weighted Index (1971=100)	80.17	71.10	73.95	80.60	41.09
Real Trade Weigh. Ind. (1971=100)	119.17	113.71	128.13	106.49	81.19

NIGERIA

	1981	1982	1983	1984	1985
Real GDP Growth (% from prev yr)	2.9	−1.9	−6.4	−0.6	*n/a*
Inflation (%)	20.8	7.7	23.2	39.6	15.0
Current Account Balance (US$m)	−6,207	−7,208	−4,189	329	800
Exchange Rate: Naira vs US$	0.61	0.67	0.72	0.75	0.89

Nigeria

Little new money before an IMF deal

SINCE THE first oil price increase in 1973-74, banking has been in the frontline of the Nigerian economy; though the industry's performance, especially in *recent years*, leaves a good deal to be desired.

In the balmy days of the Opec cash surplus—the obverse of today's Opec oil surplus—bankers worshipping at the shrine of market share at all costs, gave birth, with the enthusiastic assistance of the borrowers, to the Third World Debt Crisis.

Because of its under*developed infrastructure* and its oil wealth, Nigeria was a fruitful field for bank intermediation. Banking—and especially merchant banking—was a growth *industry*.

When the oil tide began to *turn in* 1981-82, Third World borrowers and First World exporters quickly discovered the fairweather-friend character of the international banks. In 1983, the commercial banks rescheduled their letter of credit loans to Nigeria, leaving *their First World industrial* customers in the cold waiting to be paid — and three years later some of them are still doing just that.

Earlier this year, the banks started talks with Nigeria *aimed at rescheduling about* half of the country's medium- and long-term debt. Given the slump in oil revenues—which, at a price of US$10 a barrel, could cost Nigeria $7.5bn a year, or 70 per cent of total exports—*it is fair to say that* the banks had no viable alternative but to accept the Lagos offer of renegotiation.

The unsatisfactory aspect *from the Nigerian viewpoint* must surely be that there will *be very little new money forth*coming from the banks, unless or until Nigeria signs on the dotted line with the IMF. Even then, some banks, having been burned in the early 1980s, are still going to keep their distance.

If international banks are reluctant to expand lending to Nigeria—their exposure in mid-1985 stood at $9.5bn, as against $9.8bn 18 months previously—*the domestic commercial banks*, many of them with international shareholders, have both grown and prospered, despite the crisis economy.

Commercial bank lending grew at an average annual *rate* of 25 per cent *a year in* the 1980-84 period, mainly due to Government borrowing, which, as oil revenue declined, increased at 50 per cent a year. *The net result was a massive* increase in bank liquidity which, at the end of last year, stood at 68 per cent, as against a statutory requirement of only 25 per cent.

Excessive domestic liquidity is explained by the *high levels* of Government spending—at least until last year—and sluggish private sector credit demand, reflecting buoyant corporate profits, an inability to obtain foreign exchange, and low levels of private sector investment, again largely resulting from the foreign currency bottleneck.

*In this situation, the com*mercial banks had retreated into short-term lending to the Government by way of the Treasury Bill tender. Bank *holdings of bills* have virtually quadrupled in the past four years, and today *the banks hold* an estimated 55 per cent of their total deposits in the form of Government securities, compared with 25 per cent in 1980.

Just *how serious* the doubtful debt problem is becoming is evident from the 1985 report of Union Bank, one of Nigeria's big three commercial banks, in *which Barclays holds a 20* per cent stake. Union Bank has established *a debt recovery* unit, while its 1985 accounts show doubtful debt provisions of 56m Naira—equivalent to some 70 per cent of pre-tax earnings.

Despite this large provision and a marginal fall in lending, Union Bank was still able to increase its pre-tax profits more than 40 per cent. This was the result of investing low-cost *deposits in Government securi*ties, leading to a 16 per cent improvement in net interest revenue on a smaller book. Interest from Treasury bills alone was up almost 30 per cent.

Also important in the Lagos *bank equation is the holding by* the banks of so-called Naira deposits, which will—eventually—be exchanged for promissory notes in respect of trade arrears owed by Nigerian firms to foreign exporters.

As, and when, these notes are issued, so there ought to be some decline in bank liquidity; but profits should remain buoyant as long as public sector loan demand continues to grow.

Tony Hawkins